



Royal Conservatoire  
*of* Scotland

**A Company Limited by Guarantee**

**Annual Report**

**And**

**Financial Statements**

**For the Year Ended 31 July 2024**

Company Registration No. SC04703  
Charity No: SC015855

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**PATRONS AND OFFICE BEARERS**

**PATRONS**

Patron	His Majesty King Charles III
President	Nicola Benedetti CBE DMus Hon RCS
Vice President	Dr Bridget McConnell CBE FRSE EdD
Vice President	Lord Vallance of Tummel DCon Hon RCS
Patrons of the Junior Conservatoire	Nicola Benedetti CBE DMus Hon RCS Patrick Doyle

**OFFICE BEARERS**

Chair of Governors	Professor Dorothy Miell OBE FRSE
Principal	Professor Jeffrey Sharkey FRSE
Secretary	Professor Vicky Gunn
Registered Office	100 Renfrew Street Glasgow G2 3DB

**PROFESSIONAL ADVISERS**

**Bankers**

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**External Auditors**

Chiene + Tait LLP (trading as CT)  
61 Dublin Street  
Edinburgh  
EH3 6NL

**Internal Auditors**

Azets  
Exchange Place 3  
Sempie Street  
Edinburgh  
EH3 8BL

**Investment Advisers**

Rathbones Investment Management  
10 George Street  
Edinburgh  
EH2 2PF

**Solicitors**

Clyde & Co (Scotland) LLP  
144 West George Street  
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141 Bothwell Street  
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Morton Fraser MacRoberts LLP  
Capella, 60 York Street  
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## CHAIR'S REVIEW

Reflecting on the past year, it would be easy to focus simply on the serious and well-publicised challenges that the Arts and Higher Education sectors have been facing in Scotland and the wider UK, and with which we have been grappling at RCS. However, it is so heartening to see so many highlights shining out throughout the year in terms of great achievements by both staff and students (many of which are presented in this review), and it is of tremendous credit to all who contribute and support RCS that the Conservatoire has once more been ranked among the finest globally, taking 6<sup>th</sup> place in the *QS World University Rankings for Performing Arts 2024*.

We have been dealing with the impact of a severely constrained and uncertain financial and operating environment, combined with effective reductions in public funding over many years, as have our colleagues elsewhere in the Arts and Higher Education sectors. These factors have all contributed to the financial position of RCS this year, notwithstanding the welcome award of additional specialist funds from the Scottish Funding Council (SFC) and the continuing support from our own RCS Trusts, enabling RCS to demonstrate financial sustainability. We continue to be very grateful for the assistance we receive from these Trusts, as well as from our wider pool of individual supporters, which this year has included a legacy from our former Chair, Nick Kuenssberg. We still miss his wise counsel and passionate advocacy, but his support continues through his generous gift. Throughout this year staff, governors and trustees have worked with a strong focus on securing our financial sustainability, whilst continuing to be committed to embracing creative thinking and innovation in determining our own future.

It is always helpful, as Robert Burns put it, to 'see ourselves as others see us'. In this regard I'm struck by the reflections made by Amelia Whitelaw, the Chief Executive of Interface, the central hub connecting organisations from a wide variety of national and international industries to all of Scotland's universities, research institutes and colleges. In opening the Scottish Knowledge Exchange Awards, hosted this year at RCS, she observed the following:

*'RCS is an integral force in Scotland's cultural and economic fabric, championing innovation in and beyond the performing arts. Its interdisciplinary approach extends to technology, education, and health, enriching Scotland's artistic heritage and fuelling economic growth.'*

*'By fostering international talent and cultural tourism, RCS not only amplifies Scotland's global presence but also serves as a catalyst for cross-sector innovation and prosperity.'*

Amelia is of course right: RCS is an integral force in the socio-economic and cultural landscape of Scotland as well as an international leader in performance and production arts education and research, and we should not forget it. Our excellence was recognised this year in a record award of SFC Knowledge Exchange and Innovation funding, which will help us continue to develop and extend this vital area of our work.

Our core mission remains delivering excellence and, central to the strategic plan People, Place and Promise, remain the ambitions that RCS continues to be a national and internationally excellent home for professional vocational training and research in performance and production arts, leading the way as one of the world's top conservatoires. Our mission remains too that RCS graduates will enrich the performing arts with new work and will create the future of performance for generations to come. It's important that they will be engaged citizens *as well* as important contributors to the creative economy in their future careers. This Annual Review gives many excellent examples of the many ways in which RCS and its community of students, staff and alumni are engaged and impactful locally, nationally, and internationally.

Change and innovation are constants for an institution that demands to be relevant and future facing, and in this regard, I want to thank the colleagues and students, led by Deputy Principal Dr Lois Fitch, who participated this year in a significant curricular review. The new curriculum they have designed introduces a portfolio of professional preparation modules which prioritise entrepreneurial, and student led activities themed around areas such as digital arts innovation, inclusivity, sustainability and a creative citizenship module which embeds life and self-care skills in the core curriculum.

We are, of course, an ensemble institution and creative collaborators, just like the artforms and disciplines we teach and research. There are so many people to thank warmly for their contributions including my fellow governors, our academic and professional services staff, our supporters and, at the heart of all we do, our brilliant students who shine while here and have such impacts in the world when they leave. I want especially to thank the RCS Trusts and Trustees led by Lady Dorrian for their continuing considerate support of the Conservatoire, which has been particularly important this year.

We are indeed, as our strategic plan attests, a special place of people and of promise, led so skillfully by our Principal, Professor Jeffrey Sharkey, with the support and talent of the Conservatoire's Senior Leadership Team. I would like to thank them all for the energy and dedication they have devoted to their work and leadership this year, and the results that these have delivered for RCS.

RCS continues to be a world class, engaged and impactful community of performing arts students and professionals making a difference to individuals, Scotland, and the world. We should all be very proud of this, whilst ensuring we continue our work together to secure an ambitious, sustainable future for the RCS, this place we all cherish and champion.

Professor Dorothy Miell  
Chair

**REPORT OF THE GOVERNORS**

The Governors present their report together with the audited financial statements for the year ended 31 July 2024.

***Constitution***

RCS is a company limited by guarantee and having capital divided into shares with a Company Registration No.SC04703. It was incorporated as the Glasgow Athenaeum in December 1900, having been established in 1847 to provide further education for adults in the fields of commerce, science, and the arts. It is now an institution of higher education and was awarded degree awarding powers for taught degrees by the Privy Council on 13 May 1994.

The terms of the constitution, membership, powers and proceedings of the Board of Governors are currently set down in the Memorandum and Articles of Association as varied by, and in conformity with the provisions of, The Royal Conservatoire of Scotland Order of Council 2014 No. 268 as amended by The Royal Conservatoire of Scotland Amendment Order of Council 2020 No.3.

RCS is recognised by HMRC as a charity and is registered with the Office of the Scottish Charity Regulator – No.SC015855.

***Corporate Structure***

A representative of each of the key constituencies of RCS holds a block of shares. Those constituencies are: students represented by the President of the Students' Union; staff represented by their elected staff Governors; senior management and Academic Board represented by the Principal; and the Chair representing the Board of Governors and wider society. A descendant of one of RCS's philanthropic founding families also retains a shareholding. Shareholders are entitled to vote at the Annual General Meeting to which all staff, students and a wide range of external stakeholders are invited with the opportunity to ask questions.

***Principal activity***

The principal activity of RCS is the provision of teaching, learning and research in, and for, the performing arts. Programmes offered range from short courses for young children through to PhD and include all genres of the performing arts and arts education.

***Vision***

A sustainable community that nurtures, supports, and celebrates inclusive art making from grass roots to world-leading performance and production.

***Mission***

For RCS's education engagement and research in the performing arts to be a catalyst to shape the future of art forms, artists, and society.

***Values***

- Creative courage
- Compassion
- Constructive challenge
- Curiosity
- Craft, rigour and talent
- Community

## STRATEGIC REPORT

The Board of Governors approved the Strategic Plan 2023-30 in June 2023.

The vision, mission, values and objectives of our new plan can be viewed and will be evaluated through three perspectives: people, place and promise within which are grouped nine high level objectives and delivered via operational plans. These are noted below together with development and performance throughout the year.

### People: Talent Development

***Objective 1: Talented and motivated staff who use artistic, research, professional and industry developments to enhance the Conservatoire's international leadership in multi-arts education from pre-HE to all ages***

### Progress 2023-24

A People and Culture Committee (P&CC) was formed. At its inaugural meeting members selected four priority projects for 2023-24. These were to create (1) an Academic Workload Allocation Model for staff, (2) space in the curriculum, the estate and the production cycle, (3) structured channels of open and transparent communications, and (4) to discuss pay and benefits.

A workload allocation model for academic staff was devised and piloted in 2023-24. It will be rolled out fully in 2024-25, enabling managers to plan more effectively with their teams and to ring fence time for professional development, scholarship and research more visibly and clearly. An appropriate workload model for professional services staff will be developed collaboratively with staff in 2024-25.

The introduction of 'Engagement/Knowledge Exchange activity', recognised as a category in the planner for the first time enables those staff who undertake engagement work (for example developing initiatives with professional industry partners such as an innovative recycling and repurposing scheme in the props department) to be allocated protected time in their workload. The curriculum review project undertaken in 2023-24 rationalised student and staff workload by redesigning production throughput and the elective options portfolio. Programme design teams were specifically asked to demonstrate how they were creating reasonable learning and teaching loads to enable space for personal development for both staff and students. Students were involved in every programme review and asked specifically about workload and the range of their studies over their courses. Within the School of Drama Dance Production and Film (DDPF) this has created space to provide greater opportunity for exploration within the rehearsal space and to reduce the demands on the central production unit.

As part of the P&CC plan initiatives, and especially project 3, a staff survey working group was formed to devise and deliver an annual staff survey which was rolled out in early 2024 and analysed, and outcomes fed back to the P&CC as well as the staff at RCS as a whole.

A staff survey was issued in Spring 2024, with initial outcomes shared with staff later in the academic year. A range of themes emerging will form the basis for further staff support and development initiatives in 2024-25 and the P&CC will again select projects to prioritise in the year ahead at its first meeting of the 2024-25 cycle. Work commenced on a review of the pay grade structure with consultation taking place with staff and trade unions, but this was put on hold due to financial uncertainties and continues to be on hold as the sector undertakes work to review the national framework and the impact of the real living wage on the pay scale. In the interim RCS has maintained pay differentiation at the lower end of the pay scale. Some progress has been made to broaden the range of non-pay benefits to reflect the differing range of priorities and value proposition our staff assign to benefits.

In 2023-24 teams who had been working mostly remotely since the pandemic returned to more regular patterns of onsite working, facilitated – where appropriate – to be onsite 60% of the time, and otherwise enabled to work from home. This mostly applies to professional services teams, and is not without challenges, but has been valued.

We support several staff to undertake PhDs or Masters qualifications relevant to their role and/or research interests. There are also a number of staff undertaking the PG Certificate in order to benefit their development as teachers. Although the ultimate intention is to develop a reward and recognition pay scale which rewards particularly successful recruiting teachers for example, work has yet to begin on developing this in detail given the constraints on finances.

Launched in 2014 our MEd in Teaching and Learning in the Arts is designed to meet the professional development needs of arts educators across all formal and informal education contexts and across all artforms, including RCS staff, partners and visiting staff/professionals. The stream of funding (upskilling) that fully funded student places on the MEd was withdrawn from the end of 2023-24. Extra efforts have been put into recruiting a viable cohort for 2024-25, when a tuition fee has been introduced, including additional programme information sessions hosted by the teaching staff. This programme will be reviewed alongside other postgraduate taught programmes in 2024-25.

The annual National Student Survey (NSS) overall satisfaction score was an improvement on the previous year with overall satisfaction at 75% (2023: 73%). New staff-student forums were convened in each School and effective in sharing information and receiving student feedback. Several programmes including BA Modern Ballet and BA Acting achieved very high scores in the NSS, and overall, institutional scores in teaching quality, assessment and

feedback and staff quality exceeded national benchmarks and previous RCS results. The library resources and associated learning support were ranked third in the UK for quality.

The Conservatoire's annual meeting with Quality Assurance Agency (QAA) Scotland identified good progress in enhancement areas following the Quality and Standards Enhancement Review (QESR) Phase 1 process in late 2022. The Deputy Principal has participated across numerous Universities Scotland forums in consultation, feedback and workshops developing the new Tertiary Quality Enhancement Framework for Scotland, the new Tertiary Quality Enhancement Review method and the new Assurance and Accountability Framework for the Scottish Funding Council, all to be introduced in AY 2024-25. RCS was again ranked highly in the QS World Rankings at No 6 (2023: No 6).

***Objective 2: Students and graduates who create the future of performance and production, specialising and collaborating successfully***

Progress 2023-24

In 2023-24 six DDPF undergraduate programmes were revalidated successfully, by panels including leading industry professionals and external academics. The new curriculum introduces a portfolio of professional preparation modules *called Inter-disciplinary and extended practice* which prioritises entrepreneurial, and student led activity themed around areas such as digital arts innovation, inclusivity, sustainability and a creative citizenship module which embeds life and self-care skills in the core curriculum. Many colleagues who are currently at the forefront of the profession were heavily involved in the design of the new curriculum bringing their considerable expertise into this enhancement of the student experience.

The ballet graduation performance involving a collaboration with production and choreography and involving the use of digital projection and mentoring from industry professionals is sector leading and RCS is the only UK school producing such work. Renowned choreographers worked with students successfully, and these partnerships will grow in future years. At the end of the academic year, a School of Dance was created within the Deputy Principal Directorate. This decision was made to facilitate the journey for young dancers from pre-HE through to degree level study, to recognise the parallels with learning in Music, and to consolidate the potential for collaborative synergies between drama, production and an expanded film UG programme.

The production throughput has been reviewed holistically and per programme across DDPF in response to student and staff feedback around workload and following good practice in the industry around ensuring reasonable working environments for production artists. This initiative has also resulted in more equitable access to major venues for programmes, enhancing the student experience.

The digital 'On the Verge' festival continues to develop as an important strand within the MA Classical and Contemporary Text (CCT) programme and has been part of RCS performance calendar for over ten years, during which time many of the artists have gone on to tour their work nationally and beyond. It is a showcase of new work by our MA/MFA Classical and Contemporary Text Acting and Directing students, celebrating ambition and entrepreneurial creativity.

The 2023-24 'Make it Happen' Fund delivered small grants to UK based RCS graduates. Ten artists each received grants from the competitive fund that provides financial support for everything from training, networking and testing ideas to starting up companies, staging pop-up events and forming new collaborations.

Graduates of the BA Performance in British Sign Language (BSL) and English continue to change the landscape of performance raising the profile of Deaf performance and bringing it to a wider audience including the performance of 'The Ghost of Alexander Blackwood' at the Edinburgh Deaf Festival directed and produced by alumni Benny Zanetti and Jamie Rea respectively which runs alongside, and partners with, the Fringe.

***Objective 3: RCS as partner-of-choice for prestigious forward-looking organisations, artistic leaders and entrepreneurs***

Progress 2023-24

RCS is a partner-of-choice for highly innovative organisations which want to make a difference.

A significant new collaborative partnership was launched with Scottish Opera in early 2024 which will underpin a new Artist Diploma (1 year) as part of the suite of postgraduate taught programme reviews to be finalised in 2024-25 in which students will receive tuition and a production at RCS and be cast in a production at Scottish Opera. Discussions with the University of St. Andrews began to assess the feasibility of the award being validated under our partnership arrangements for SCQF Level 12 awards, along with the DPerf and PhD.

RCS partnered with the Creative Entrepreneurs Club to pilot a bespoke resource for creative enterprise at the Conservatoire. RCS Creative Pop-Up ran from September 2023 to March 2024 and supported just under 100 members of RCS community to develop their ideas, projects, collaborations and freelancing skills. The pilot was delivered through one-to-one advice clinics and group workshops. Consultations with staff and users confirmed the need for the service to continue beyond the pilot phase with an enhanced offer. As a result, we will open the



Creative Enterprise Development Office (CEDO) in October to provide an embedded specialist enterprise and careers support service to our community of students, staff and recent graduates.

Our long-term partnership with The Glasgow School of Art (GSA) and Queen Margaret University on SHIFT has continued since 2019 and partners have signed an MOU to extend the programme for three more years. SHIFT is a one-week intensive development programme for creative freelancers and runs every year in September. The programme takes up to 100 participants annually and in recent years a small number of places have been offered to creative arts cohorts at other HEIs. This year places were offered to creative arts students at University of Glasgow, Stirling University and University of Aberdeen. Over 500 people have now participated on SHIFT. In 2024/25 we will commission an independent evaluation of the programme and its participants to understand more fully how it supports the ecosystem of creative arts entrepreneurs in Scotland.

Another partnership of note in 2023/24 is with University of Glasgow which led on the Creative Founders Fund, delivered in collaboration with RCS and GSA. Funded entirely by the University this new and highly distinctive enterprise development programme targets academic staff in creative arts with early-stage entrepreneurial ideas with impact potential. Three members of staff from RCS received grants to develop their propositions alongside a tailored support programme. Round 2 of Creative Founders Fund will launch in November 2024 and will be offered once more in partnership with RCS and GSA. The programme aims to strengthen the cohort of creative arts propositions emerging from our institutions and to foster collaboration across the three HEIs.

RCS hosted the Scottish Knowledge Exchange Awards in March 2024. Led by Interface, this is the flagship event to celebrate partnerships between business, third sector, public sector organisations and academia.

The BA Filmmaking underwent significant change in review in 2023-24, better reflecting the industry needs, and will grow by over 30 student places in the next three years. This recognises industry demand for skilled filmmakers, producers, editors and sound artists as reflected in partnerships with the BBC, Screen Scotland, and independent filmmaking companies like Blazing Griffin. Filmmaking continues to contribute significantly to Scotland's creative economy. Scotland is a destination of choice for film locations, and the programme is responding to increased demand for skilled practitioners. Additionally, a low-residency Masters programme supporting writing or composition for digital media will be validated in the 2024-25 cycle.

RCS continues to explore international opportunities. Resources have been focused intensively on enhancing international recruitment to core taught programmes, and the development of new provision to be delivered in Scotland.

#### Place: Size and Scope of RCS

***Objective 4: Playing a prominent role in national cultural leadership, as well as enhancing our global artistic and educational impact. Being active citizens of Glasgow, as well as having a positive creative impact wherever we are.***

#### Progress 2023-24

Leadership in learning: At Pre-HE level RCS's Music Leaders Awards this year gained recognition on Insight, the Scottish Government system which recognises attainment in Scottish schools. Our pre-HE activities continue to evolve and Scottish Credit and Qualifications Framework (SCQF) credit-rated provision expands, with an associated increase in students achieving accreditation at levels 5 and 6. Several new RCS Pre-HE courses offer the flexibility of in-person or online study. Other examples of RCS's impact in pre-HE includes our RCS's leadership role in Scotland's Music Education Partnership Group (MEPG) as well as hosting the Scottish Young Musician of the Year competition finals 2023-24 and the Scottish Instrumental Teachers Network Conference.

RCS's unique Memorandum of Understanding (MOU) with BBC Scotland further deepened through a range of strategic activity including masterclasses and student performance opportunities at Pacific Quay and other locations across Scotland; professional insight and engagement with students on a range of programmes including film and production; work opportunities for students, including BBC Scotland's Children in Need's first BSL signing Pudsey; strong interconnectivity with BBC internal networks including Enigma, the broadcaster's neurodivergent network co-founded by an RCS alumnus. RCS also supported the development and delivery of BBC Scotland Young Classical and Young Jazz Musicians and co-hosted the semi-finals of BBC Scotland's inaugural Young Scottish Classical Musician competition.

Our sector leading education offer continues to evolve with the development of a new BA Arts with Community programme to launch September 2025, and development of a new articulation arrangement with two FE Colleges in the development of a top-up degree (BA Dance Artists) which will focus primarily on Commercial Dance.

Global Artistic & Educational Impact: RCS has several deepening international academic partnerships including, for example, Sibelius Academy where in the past year a collaborative strings project has been undertaken taking RCS's Ukrainian students to Helsinki and culminating in a concert attended by the President of Finland. This is part of on-going strategic engagement with Sibelius (a sister world-leading institution) across a range of departments including Strings, Brass and Traditional Music, which has included co-sponsoring an international academic conference hosted at RCS. A bid is currently in place to use the Scottish Government's new Scottish Education

Exchange Programme (SEEP) to support further collaboration next current academic year between staff and students at Sibelius and RCS and new composition.

In addition, new Memoranda of Understanding have been signed with the following institutions during the year:

- Fondazione Mascarade Opera, Italy ("Mascarade Opera")
- The Yehudi Menuhin School, China
- Berklee College of Music/ Boston Conservatory

During the year, the Principal undertook a prominent role as Vice-President of the Association of European Conservatoires which extends the reach and networking capabilities on behalf of RCS. He is also Chair of Conservatoires UK Juniors. The Deputy Principal was elected Vice President of the Royal Musical Association for a period of four years and has joined the Board of the Music Education Partnership Group.

RCS hosted the Scottish International Piano Competition 2023 and was invited to deliver to a keynote speech at the International Education Attaches event at Scotland House, London, as well as being invited to participate in Going Global: International Education Summit hosted by the British Council. RCS's global artistic impact is also evidenced by the continued and many successes of student, staff and alumni across a wide range platforms & disciplines including wins across BAFTA, BAFTA Scotland, Emmys and include Ethan Loch (BMus 2) Silver Medal at the Nashville International Chopin Competition; Melia Simonot (BMus 4) winner of BBC Scotland's inaugural Young Classical Musician Award and RCS Lark Trio winners of the Cavatina Intercollegiate Chamber Competition held at the Wigmore Hall.

Active Citizens of Glasgow and Scotland: RCS has participated in developing a range of strategies and emerging areas of thought leadership in the city and elsewhere including Glasgow Culture Strategy, Scottish Culture Strategy, Scottish International Education Strategy, Glasgow Commission; Sauchiehall Street Culture and Heritage District. RCS has also created convening opportunities for a range of civic organisations including the Institute of Directors, Prosper (formerly Scottish Council for Development and Industry), Glasgow Chamber and British Council Scotland.

We have also hosted engagement visits from a wide range of local, Scottish and UK politicians including the Cabinet Secretary for Education, Minister for Higher Education, Under Secretary of State for Scotland, Scottish Labour leader and shadow education and culture teams.

***Objective 5: Becoming an exemplar for our sector and nation in sustainable, ethical and inclusive initiatives across our portfolio, estate and community.***

#### Progress 2023-24:

RCS's Digital Strategy was approved in 2023-24 and commits to enabling the community with digital skills. The result from the Joint Information Systems Committee (JISC) Digital Insights Survey were mixed and revealed the broadest range of skills and experience across the staff, leading to action planning for the year ahead to support upskilling and more widespread engagement with technologies. A new format was introduced for the Technology-Enhanced Learning Forum which was presentation-led and interactive, enabling colleagues to present recent projects to staff and student members, and stimulating developmental discussion about future projects and collaborations.

Across DDPF, there have been efforts to increase the focus on training actors for screen and media, self-taping, digital production, recycling and repurposing sets, props and costume, and using outdoor locations for some activities. Notable examples include the BA Modern Ballet final degree show 2024, and the strand in the reviewed BA Acting programme that enhances the provision of acting for screen.

As part of programme reviews, the School of DDPF has undertaken Equality Diversity and Inclusion (EDI)/Anti-Racism training for staff which will lead onto consideration of repertoire and casting, looking at ways to approach more 'canonical' texts that are more inclusive and anti-racist and exploring ways to expose students to a more diverse set of plays even when the cohorts don't have the people necessary to cast them. A school-wide EDI plan has been agreed and implemented in 2023-24. One initiative of note is the 'plays unseen but heard' in BA Acting, enabling a non-public 'closed' read-through of materials that we could not present publicly, because of the cultural representation in the cohort, but which nonetheless ensures that students encounter texts about or by minority figures, thereby contextualising their own professional development, irrespective of their own personal identities.

The School of Music has entered into a partnership with Black Lives in Music, an organisation that facilitates workshops and offers provocations to artistic planning and curriculum planners to ensure increased inclusivity of practice in programmes and assessments. The Artistic Programme across the year aims to include composers, performers and other professionals from under-represented groups so that, taken as a whole, the programming is more inclusive and diverse than in any previous academic cycle. Students' supporting Academic/Contextual Studies work also includes diverse musical traditions and practices in elective modules and embedded content in core studies of musical histories and styles.

New student and staff training (for example consent training) was given prominence in the induction week programme. The Curriculum Review for Production and other Drama programmes drew attention to the necessity for reasonable workloads and working patterns for production students and tutors.

Staff recruitment and engagement with visiting specialists has prioritised inclusivity, accessibility, and reflecting (and even challenging) industry practices. Training for visiting staff has been improved, and expectations communicated more clearly. This was a focus of several UG DDPF programme reviews in 2023-24. Students were included in every programme review process, offering feedback to external professionals, which in turn led to their receiving accounts of real industry experience. One enhancement point that will be used for all future reviews that proved successful was bringing together recent graduates (some international) with current students, so that the group could engage in discussion on early career prospects, learnings and networks.

The revalidated Production programmes have both introduced increased focus on digital technologies and sustainability initiatives into the curriculum as core components for all students, irrespective of their production specialism. Likewise, BA Acting has deepened the Acting for Media content in the degree.

Sustainability initiatives introduced during the year across a range of activities are highlighted in the environmental sustainability section below.

***Objective 6: Assuring a financially sustainable institutional ecology and estate to deliver a prosperous and artistically rich future for the organisation, community and Scotland.***

#### Progress 2023-24

In 2023-24 RCS successfully applied for an additional £1.00M SSI grant from the SFC. This grant is to assist the Conservatoire in maintaining its world-leading status and to undertake transformation work towards financial sustainability. A number of projects were outlined as part of the bid, including reforming the curriculum through review and the development of new programmes, expanding the Short Courses portfolio and income streams, the development of the low-residency Masters programmes and the implementation of systems upgrades in HR, Payroll and Finance.

A new student recruitment strategy has been developed to map out the size and scope of future student numbers covering: portfolio, UG/PG balance and mix of tuition fee categories achievable within current estate and based on capacity, instrument resources and cohort size constraints (DDPF). Several key decisions have been made in the course of 2023-24 to maximise recruitment and income potential: an MA in production will 'bolt on' to the MA CCT programme, thus reducing costs of externally-hired production staff to support CCT and increasing the numbers of students supported into the profession in production disciplines; new low-residency (blended) Masters programmes are in development (see below). These will support growth in the PGT population and enable smart programme design bringing together residential periods in the summer when campus space is more available to align with summer courses, allowing content to 'double up' and offer maximum flexibility to learners and to RCS in delivery modes. The efficiencies in production throughput enacted through the DDPF programmes review will enable space and capacity to engage in more commercial short course provision.

Both schools have committed to growth. This has precipitated conversations and planning in relation to resources (for example School of Music (SoM) has recruited many additional pianists for 2024-25, requiring some repurposing of rooms and instruments). SoM has projected PGT growth over the next five years, with a particular focus on international student recruitment. Planning has been underway throughout 2023-24 towards two new low-residency Masters programmes (MA Creative Arts Practice and MA Arts Leadership and Fundraising). The former can accommodate several specialisms as learners choose their specialist focus: typical pathways anticipated include writing or composition for digital media; choreography and intimacy co-ordination; improvisation practice. We also plan to validate a low-residency/blended MFA module, which could be taken by students once they've completed their MA or MMus. This increases flexibility, so that students who might do a 2-year MMus full time, resident in Glasgow, could then pursue the 'top-up' MFA module; equally, a student in choreography may choose to study the MA and MFA components in a blended way throughout. The MFA module can also be taken alongside employment in the performing arts, accrediting work-based learning and critical reflection on creative practice.

BA Filmmaking was revalidated successfully in June 2024. It will grow by 30 student places over three years. Although these numbers appear modest, in the context of the specialist tuition and kit required, this is a significant change in the cohort size, and has impacts on space use in the Conservatoire, kit costs and student recruitment. A cohort of 27 students will matriculate in September 2024. Future plans include an emphasis on recruiting both from Scottish-domiciled applicants and internationally. More detail is given above under reporting against Objective 3.

The CPP programme, which is being phased out, had only two cohorts in 2023-24 and the MA in Musical Theatre ran in 2023-24 for the final time. The space 'savings' are offset by the growth in Filmmaking, SoM numbers and the planned introduction of a BA Arts with Community, as well as three Fair Access programmes. However, some space gains in 2023-24 arose from the reduction in demand from Contemporary Performance Practice (CPP) and it was possible to accommodate growth in the Short Courses portfolio.

Estate discussions have proven challenging across 2023-24. In part this has been due to the exposure of practices in bookings versus real use that have impeded effective planning, and we have identified opportunities to be more efficient in the use of the estate through the introduction of a central timetable from September 2025. It is hoped that this project will not only rationalise use of space per programme but give better clarity on building use and

reveal any missed the opportunities for commercial lets. The primary objective however is to make the campus work more efficiently and effectively for planned growth of activity, and in doing so reveal the extent to which additional space is required to support future planned growth, and of what type and specification.

A tuition fee reset was agreed and approved by the Board of Governors in June 2023 to come into effect from 2024-25. This will put additional pressure on scholarship funds, and RCS Trust has agreed to increase the sum available with the support of RCS Endowment Trust to help secure student numbers. Although the fee reset generated some discussion with the students via their Union, the increase in fees does not seem to have dampened application numbers.

The School of Music agreed a rebasing of 1:1 hours using a formula approach that is common across Music Conservatoires in the UK. This will be implemented from 2024-25 and is launched in tandem with postgraduate curriculum review and the rollout of the staff workload allocation model. This will enable better clarity and efficiency of planning staff time, student workload, room requirements and departmental budgets and results in savings as all activities are now factored into the formula approach. DDPF review also required each programme to work within constraints of a new budget formula which serves the same ultimate purpose – better visibility of costs and income/contribution, and workload allocation and balance.

#### Promise: Growth and Ambition

#### **Objective 7: Delivering ambitious philanthropic investment in student and staff success, to supplement core funding and generate more competitive scholarship capital.**

The team was firstly delighted to have exceeded its annual target raising as well as securing a further £0.15M worth of instruments. RCS secured additional support from RCS Endowment Trust during the year to grow fundraising capacity which will continue for up to five years subject to annual review. This allows a greater focus on Trust and Foundation bids with the appointment of a new Trusts and Foundations officer and a greater focus on Donor development and Legacy donations through the appointment of a new Legacy and Partnership officer. RCS has also invested in the strategic development of fundraising in the USA aligned with alumni development and recruitment. A US consultant has been appointed who will work closely with RCS's International Advisory Board (IAB) to develop engagement, philanthropic and student recruitment opportunities in North America on behalf of RCS, will help recruit new IAB members, ensure the case for supporting RCS in North America is compelling, and work with RCS's leadership to cultivate relationships with prospective donors and sponsors. This includes development of relations with the Scottish Offices at the British Embassies in the USA and Canada and networking at events.

Working with academic leaders and programmes teams across the conservatoire, the alumni relations manager has this year created 21 Programme Ambassadors and 6 Regional/National Ambassadors. Ambassadors have undertaken a range of activity on behalf of individual programmes, as well as representing RCS in a range of activity and fora. There has been a growing range of alumni events in London, New York, Edinburgh and at RCS which have all been well attended. This activity includes a now-annual opportunity for reconnection during Festival time in Edinburgh. Alumni activity is now in the process of extending to Junior Conservatoire with composer Patrick Doyle appointed this year as a Patron of Junior Conservatoire and a new Patron for Junior Conservatoire of Drama, Production and Film is due to be appointed soon in the next academic year. The alumni community is growing, and we are now in active engagement with more than 4,700 alumni across the world.

At the end of 2023-24 a new Friends and Patrons scheme was launched aimed at securing more support for the Conservatoire in a structured membership scheme. This new initiative was developed following an intensive period of research. The programme has been well received since launch and already has attracted new Gold and Silver Patrons. As noted above RCS Trust has pledged additional funds for scholarships for the next academic year to support recruitment and retention of students.

#### **Objective 8: Delivering growth in identified areas of the portfolio to drive sustainability of the institution, local and national creative economy, and prepare employable artists to meet the demands of the creative sector.**

#### Progress 2023-24

As outlined under objectives above, Low Residency Masters programmes are in development, and as of the end of 2023-24 are opening for application. We have scoped a number of pathways initially and undertaken market research to establish potential demand and we will pursue our established Quality Assurance processes to bring these to market, with a view to matriculating students to the courses from September 2025.

Our enterprise support has expanded and developed over the years of the Universities Innovation Fund. RCS benefitted from a significant new Knowledge Exchange and Innovation Fund announced in the latest SFC funding round, recognising the enterprising work of the Knowledge Exchange Manager and team. This will be deployed in part to invest in staff and space resource which will strengthen the engagement infrastructure at RCS and enable growth and partnership-building to continue to ensure RCS has a strong impact on creative innovation in Scotland.

In 2023/24 Engagement became the third mission of RCS alongside Research and Education. This underpins our ambition to catalyse significant growth across three areas of work that sit within the mission: Enterprise, Innovation & Public Engagement. The Engagement & Creative Economy Action Plan outlines the specific actions we will take and how we will measure progress and success to 2030. The work is overseen by a new Engagement Committee chaired by the Principal. The action plan aligns closely with the new KEIF (Knowledge Exchange & Innovation Fund) which directly funds this activity in HE across Scotland, aligns also with the Scottish Government Entrepreneurial Campus Strategy, NSET (National Strategy for Economic Transformation) and Scotland's Innovation Strategy.

In 2024/25 Engagement at RCS will include:

**Enterprise** – The Creative Enterprise Development Office will become the recognised enterprise support brand at RCS, offering Advice & Guidance and expert clinics, seed funding for staff, students and graduates and Enterprise Development Programmes such as SHIFT and Creative Founders Fund.

**Innovation** - Innovation Studio will re-start in Spring 2025 and become an embedded resource for staff and students offering funding, residencies and R&D opportunities.

**Public Engagement** - The Athenaeum Awards are a catalyst for the public engagement work of our staff and will restart in September 2024 with a raft of new awards for Research & Engagement. These include a new Engagement Award.

#### *Contributing to the broader creative economy*

We supported regional creative economy ambitions in 2023/24 through a time limited extension of our RCS Creative Pop-Up pilot delivered to creative arts students across Glasgow City Region HEIs. This was achieved through a successful bid to the Scottish Enterprise Ecosystem Fund to further test the need and suitability of the specialist services and their impact. The project Glasgow Creative Clinics supported just under 200 individuals from partner HE institutions through one-to-one advice sessions and a diverse programme of events and workshops.

RCS hosted a visit from Scotland's Chief Entrepreneur, Mark Logan, to discuss creative entrepreneurship, its growing potential to support Scotland's recovering economy and included a spotlight on the specific role the Conservatoire holds as an incubator for micro enterprises and self-employed practitioners, demonstrating disproportionately high numbers of SMEs year on year.

Expansion of our Engagement work included the creation of a new Intellectual Property (IP) Policy for the Conservatoire. The policy has been well received by staff through an all-staff consultation and by the Board of Governors and Academic Board. The Policy is now at final stages, having had some minor revisions, and will be embedded as institutional policy in autumn 2024. It is specifically designed to support an open and positive culture around IP, encouraging staff to consider how they might exploit the IP they generate, while also affording the Conservatoire protection for its teaching materials, and other significant investments.

#### **Objective 9: Generating significant income and commercial opportunity through the expansion of areas such as specialist short course provision.**

##### Progress 2023-24:

The portfolio continues to expand both strategically and in response to growing market appetite for short courses across all strands of our provision. We have developed and delivered 37 new programmes, drawing on existing expertise and knowledge. Flexibility in course delivery (online or in-person) has also expanded the engagement with the offer, and a corporate interest requested the design of bespoke material, setting a precedent for future areas for development in commercial partnership work. Recruitment to summer programmes in 2024 remains strong with 1,278 participants onsite accessing the portfolio.

Specialist Short Course provision priorities have been developed – principally the addition of accreditation as sought by the learner and further development of school learner pathways (such as the expansion of Music Leaders Scotland Awards). This has been structured to enable participants to either engage with the learning, credit or both. The workload allocation model will enable capacity to be identified for staff engagement in new development of short courses, and provision that is no longer available in the UG curriculum (part of the Options Portfolio) has been converted, where possible, into commercial short course materials. Additional staffing and marketing resource has been invested to strengthen the team, enabling responsive in-year design to react to market needs as identified.

The decision at the end of 2023-24 to create a standalone School of Dance will enhance provision in Juniors Dance, ensuring a curriculum can be designed that fully aligns with the degree provision, and enables better progression for Scottish domiciled dancers into HE. Furthermore, the resultant distillation of Drama, Film and Production juniors into one unit will facilitate closer alignment between these cognate disciplines and enable specific provision to evolve that again foreshadows the HE programmes in these areas optimally.

The Directorate continues to proactively seek other revenue and partners, progress in this area includes welcoming 323 young Chinese participants to summer schools (through Joy International); talks with providers to upskill their

workforce through our Masters in Education (MEd) pathways; and the successful delivery of our first immersive "experience" summer school – Conservatoire at the Castle. This premium product attracted a small but focused international cohort who travelled to participate in this residential opportunity. This innovation received positive feedback, and we shall be developing other immersive experience style products over the coming year.

#### Challenges presented by the Geo-political situation and the cost of living crisis and mitigating actions

The Geo-political situation remains challenging. An escalating crisis both in Ukraine and Israel/Gaza as well as continued economic hardship in many markets where we recruit, has resulted in increased competition for students between institutions and nations, as well as additional support resources and management efforts to maintain a safe and stable community in the institution. Increasing rhetoric around immigration into the UK, and some of it unfortunately focused on immigration of students to so-called 'low value degrees' has undoubtedly diminished consumer confidence in UKHE. As a small institution, this is particularly felt when we fall even a few short of target recruitment places. Finally, our 'yield rate' of offers to accepts remained stubbornly low in 2023-24, as low as 44% in Music which reflects the intensity of competition and in part levels of financial support on offer from our competitors for the best students.

Although inflation is easing in general, we continue to be affected by price increases in many goods and services and alongside that there is pressure to try to address the increased cost of living on staff.

To mitigate these challenges RCS is focused on developing its programme portfolio and content to remain relevant and attractive to the changing market, both domestic and international underpinned with a refreshed recruitment team and strategy, recognising that sustainable student number growth must be supported by an increase in scholarship funds and this one of the main aims of the increased fundraising capacity. The low-residency masters programmes have the potential to reach a wider market and provide a more affordable and flexible pathway to higher level qualifications as part of income diversification. Work is underway to make more effective use of staff and space resource which is also a key part of ensuring that the cost pressures are mitigated.

#### Environmental Sustainability

##### Energy Use and GHG Emissions

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 requires all non-quoted large companies to report the greenhouse gas emissions for which they are responsible and on any environmental matters which are material to the company's operations. This disclosure complies with the requirements of Streamlined Energy and Carbon Reporting (SECR).

Greenhouse gas emissions by year (tonnes CO<sub>2</sub>e):

Emissions source (tCO <sub>2</sub> e)	2023/24	% of total	2022/23 <sup>(1)</sup>	% of total
Fuel combustion: Natural gas	455.5	59.86%	404.7	55.91%
Purchased electricity	305.5	40.14%	319.2	44.09%
<b>Total emissions (tCO<sub>2</sub>e)</b>	<b>761.0</b>	<b>100.00%</b>	<b>723.9</b>	<b>100.00%</b>
Carbon intensity: tCO <sub>2</sub> e per m <sup>2</sup> <sup>(2)</sup>	0.0337		0.0320	

Energy consumption by year (kWh):

Energy consumption by year (kWh)	2023/24	% of total	2022/23 <sup>(1)</sup>	% of total
Natural gas	2,490,685	62.8%	2,212,453	58.94%
Purchased electricity	1,475,549	37.2%	1,541,484	41.06%
<b>Total energy (kWh)</b>	<b>3,966,233</b>	<b>100.00%</b>	<b>3,753,937</b>	<b>100.00%</b>
Energy intensity: kWh per m <sup>2</sup> <sup>(2)</sup>	175.58		166.18	

1. Reflects adjusted energy consumption and carbon emissions for the 2022/23 academic year to improve accuracy of data reporting following internal verification and assurance. Corrections address discrepancies from factors including utilities meter replacement, use of estimated data in supplier invoices, and occasional input errors.

2. Gross internal floor area: Renfrew Street 17,881 m<sup>2</sup>, Wallace Studios 4,708 m<sup>2</sup>

In 2023/24, CO<sub>2</sub>e emissions rose by 5% compared to the previous year. This increase is mainly due to a 13% rise in gas consumption for space heating and hot water, driven by greater operational activity, including expanded short courses, and unusually cold summer weather, which saw heating degree days in June alone increase by 116% from 2023 to 2024. Additionally, a boiler failure at Wallace Studios in December 2022/January 2023 caused the previous year's gas consumption to appear artificially low. More positively, a 4% reduction in electricity usage helped mitigate the overall impact.

The methodology employed for the calculation of gas and electricity emissions follows the UK Government's Environmental Reporting Guidelines 2019 and is aligned with the Greenhouse Gases (GHG) Protocol Corporate

Standard. The energy consumption data used is derived from supplier invoices and verified against our automatic and manual meter readings to ensure accuracy in calculating consumption.

The Royal Conservatoire of Scotland does not own any fleet vehicles and, therefore, has no direct responsibility for fuel combustion related to transport in institution-owned or controlled vehicles. Due to current system limitations, we are unable to provide data on fuel consumption for business travel using personal or hired vehicles; however, work is underway to implement systems improvements which will enable data to be gathered.

Under the SECR, we do not have responsibility for any emission sources that are not included in our Financial Statements.

### **Environmental Sustainability**

At RCS, we are committed to embedding sustainability across every aspect of our institution, embracing a whole-systems approach that spans our curriculum, culture, and campus operations. We believe in the transformative role that the arts and education can play in shaping a better world by addressing global challenges. Through fostering collaboration and partnerships, we aim to build a community that champions sustainability, promotes social justice, and drives economic prosperity. Our vision is to nurture a sustainable community that supports and celebrates inclusive art-making, from grassroots initiatives to world-leading performances and productions.

Recognising the need for specialised expertise to accurately assess the full carbon impact of our activities and develop a robust Carbon Net Zero Plan, a full-time Carbon and Sustainability Manager was appointed in December 2023. This role is essential in mapping our baseline emissions across the institution and crafting a comprehensive carbon reduction strategy. We are on track to finalise this plan by October 2024, reaffirming our commitment to sustainability and proactive climate action.

Over the past year, we have implemented and planned several key sustainability initiatives, including:

- Sustainability Policy: Embarked on developing a comprehensive Sustainability Strategy and governance structure, including key objectives and a Carbon Management Plan;
- Sustainable Procurement: A stronger emphasis has been placed on sourcing local, sustainable products and services wherever feasible;
- Solar PV Project: The design and planning phase for a Solar Photovoltaic array installation at Wallace Studios has been completed and is due to be installed and commissioned in autumn 2024;
- LED Replacement Programme: Ongoing review and continuation of our LED replacement and controls programme to improve energy efficiency of lighting throughout the estate;
- Waste reduction: Review and revision of resource use on campus to encourage behaviours which reduce the production of waste and promote reuse or recycling of materials;
- Sustainability Engagement: Held termly 'Town Hall' meetings to engage staff and students in sustainability initiatives, encouraging feedback and new ideas;
- Student-Led Green Wall Project: Initiated the planning and design of a student-led 'Green Wall' project to promote sustainability awareness and provide information;
- Sustainable Productions: Within our production output we are piloting and beginning to implement the recommendations outlined in the Theatre Green Book, a framework aimed at making the theatre industry more sustainable and involving future theatre-makers in climate action;
- Carbon Literacy Training: Continued delivery of annual Carbon Literacy training programme for both staff and students;
- Sustainability Induction: Delivery of an 'Introduction to Sustainability' session to all new students at the start of the academic year;
- Digital infrastructure: Continued development and expansion of digital infrastructure to facilitate and promote online learning and working;
- Collaboration and partnership: Continued collaboration with local Community Interest Companies such as Re-Set Scenery, which sustainably removes stage set and provides materials for future productions.

### **Estates and Infrastructure Developments**

We have continued to consider possible options for additional estate within the city centre to house expanded short course activities, further growth in postgraduate numbers and more space for Research and Knowledge Exchange (RKE). A detailed feasibility study was carried out on one location, but the indicative conversion and refurbishment costs are prohibitive, while there are heightened risks of not achieving the additional student growth required to justify more space given the prevailing economic climate. Shorter term rental solutions are under consideration to alleviate existing space pressures caused by curricular changes going into the new academic year. This will allow time for the central timetabling exercise to occur which is important with several curricular changes in the pipeline and should result in more efficient use of the estate and inform the amount and type of any additional need.

### Outcome Agreement

The Conservatoire's Outcome Agreement (OA) for 2023-24 focused on challenges in recruitment of students, including from disadvantaged backgrounds, in the aftermath of the global pandemic and subsequent economic downturn. It also focused on planned transformation of Transitions and strong KE outcomes, as well as quality learning and teaching initiatives, programme reviews and student engagement.

The development of the Conservatoire's Strategic Plan was also covered in the OA2023-24, as the plan was approved by the Board of Governors. The OA content focused on planned curriculum review activity completed in-cycle 23-24, as well as employability of students, success of graduates and improved NSS outcomes and forward planning. A particular need to focus on developing provision responsive to growth areas in the cultural economy, notably film and production in Scotland, is central to the curriculum review project. Additionally, the planned growth in blended learning MA provision will add opportunities to professionals who want to upskill, or recent graduates looking for additional experience and networks, in these key areas of film, production and digital innovation.

In response to the NSS outcomes, plans were articulated to increase the provision of feedback quality and assessment clarity to students, as well as ensure student feedback was more obviously and timeously acted on. Each school formulated a plan, and student feedback/experience forums were initiated at school, rather than institutional level for the first time, resulting in more robust engagement by programme reps. NSS results for 23-24 show further improvement overall, but in a statistically significant way in some key categories relating to assessment and feedback, and clarity of task briefs. Some work requires to be done on ensuring that students understand what is meant by 'student voice' since the opportunities that they receive to articulate concerns and to feedback are numerous (remarked on in many external examiner reports), but some glitch in the communication loop persists – leadership staff in all schools have been asked to look at this for future years to ensure that students are aware of the channels for their feedback, what is done with it, and crucially, when it is unrealistic, that an explanation is given of RCS rationale, so that students can understand decisions.

The OA 2023-24 gave examples of student success and industry partnership across programmes, providing a window to work-based learning that is a hallmark of every programme at RCS.

Finally, graduate outcomes data demonstrated the continued success of RCS graduates in gaining highly-skilled, long-term employment after their studies. The latest data obtainable related to graduating cohorts of 2020-21, the second year to be adversely impacted by Covid-19, which prevented some final year student performances or required adjustments including a 'safety net' no detriment assessment approach from March 2020 onwards. Climate emergency data reporting also increased in line with the previous year in the OA, as the Scottish Government and SFC move towards expecting carbon neutral plans from institutions by November 2024.

The Board of Governors approved both the Outcome Agreement and the associated annual self-evaluation report prior to submission to SFC. RCS's 2023-24 Outcome Agreement can be found at: [Annual Accounts & Outcome Agreement - Royal Conservatoire of Scotland \(rcs.ac.uk\)](https://www.rcs.ac.uk/annual-accounts-and-outcome-agreement)

The reporting mechanism and timelines are changing for future years, and the forthcoming self-evaluation of the OA 23-24 will be the last in this format.

### Future prospects

RCS has made an overall surplus of £2,280,000 in 2023-24, £1.50M of which is due to a donation from RCS Endowment Trust granted during the year and received in August 2024. This donation will help to offset the overall reduction in cash and short-term investments for the year of £0.50M following a reduction of £1.20M in the previous year and support RCS into 2024-25 when a deficit of £0.73M is forecast while initiatives to address the deficit are implemented. These initiatives include the commencement of a tuition fee reset for incoming students from 2024-25, a planned increase in postgraduate student numbers, introduction of low-residency masters programmes from 2025-26, an expansion of the contribution from pre-HE short course activity, review of the operating model to seek efficiencies in delivery of teaching and support and a focus on growth in philanthropic giving. The objective is to return to operating surplus in the short to medium term. However, despite a fall in inflation, minimal cuts in teaching funding for 2024-25 relative to the sector as a whole and a period of reduced employer pension contributions to Strathclyde Pension Fund, the financial outlook remains difficult.

### Academic developments

The following provision underwent review successfully during the year:

- BA Acting, BA Modern Ballet, BA Production Arts and Design, BA Production Technology and Management, BA (Hons) CPP and BA Filmmaking.
- CPP intake has been paused for a third year and its final year was reviewed alongside the rest of DDPF undergraduate provision. Thereafter (from 25-26) the programme will no longer run.



- We continue to make progress on our QESR (Quality Enhancement and Standards Review) action plan to address recommendations made by the QESR review panel). This includes having reviewed the Quality Assurance Handbook in full and rewriting numerous student-facing policies with clearer student-facing language and easier-to-follow guidance on processes.

#### Access and employment of disabled persons

RCS's building and facilities are predominantly accessible in accordance with the requirements of the Equality Act 2010 and each refurbishment or new development continues to enhance the overall level of accessibility. There is an Access Policy in place for members of the public with disabilities who attend events at RCS.

Applications from disabled persons for employment are always fully considered, and if a disabled candidate meets the minimum essential criteria for a post, they are always invited to attend an interview. Ultimately, however, the most suitable applicant for a post is selected, whether or not that person is disabled. It is the policy of RCS that the training, career development and promotion of disabled persons should, as far as possible, provide equality of opportunity to that available to other employees. In the event of existing employees becoming disabled, every effort is made to ensure that their employment within RCS continues and appropriate adjustments to the workplace and/or work patterns are made, along with the provision of relevant training to undertake suitable alternative employment.

#### Fair Work Practices

The People and Culture Committee has been effective for one full academic session. The Committee comprises certain Board members with representatives of the Conservatoire Senior Management Team (CSMT), staff and Trades' Unions in attendance. The Committee drives forward the strategic direction in areas relating to people and culture – specifically recruitment and induction; learning, training and development; recognition and reward; staff and student voice; people infrastructure; equality, diversity and inclusion; and health safety and wellbeing. In its first year, the Committee developed the first Staff Survey, launched in May 2024. The results of the survey have been shared with all staff, and they will inform key projects for the coming year. Progress updates on key projects are communicated to staff through the Committee, quarterly updates to line managers, and through trade union representatives.

A Staff Forum is being relaunched with a revised remit, which will provide a cross-institution platform for staff voice at an operational level and will work to improve communication and effectiveness of the institution, whilst also working to redefine its sense of community in a new hybrid working environment. This is a key project for 2024-25 and will be informed by the findings of the staff survey.

In line with the Fair Work First guidance, RCS has committed to alignment with the Living Wage Foundation rates of pay and is working towards Living Wage Employer recognition. RCS supports staff development and provides mechanisms for staff to request support through a variety of means. This includes financial support for short term activity, and for more structured study toward qualifications. In addition, RCS offers Athenaem Awards through its Knowledge Exchange and Engagement work to support staff to develop research ideas, explore pedagogy and collaborate with other organisations and artists. RCS offers staff a range of Flexible Working arrangements through its suite of Family Friendly Policies, in addition to offering hybrid working arrangements where appropriate.

RCS does use zero hours contracts for certain areas of activity however these contracts do not include exclusivity clauses and offer staff flexibility to be able to select the extent to which they engage with RCS depending on their other commitments. Given the sector we work within, many staff have portfolio careers and find the flexibility and agility of these contracts beneficial in managing their competing priorities. Examples of these include our part time teaching staff, who work within ensembles, orchestras and/or may run their own businesses, in addition to delivering specialist 1-1 teaching to instrumental students. Teaching allocations are confirmed at the start of the academic year. Through the year, the part time teaching staff have flexibility in how and when they deliver teaching and can work these hours around other commitments. This allows our students to benefit from the experience of practising artists, whilst offering a level of stability of income for the teaching staff for the year. Zero hours contracts are also used for Front of House staff, who can self-select shifts for the coming month based on their availability. Many of our ushers are students, and the flexibility of the contract enables them to vary their hours according to the requirements of their study at different times of the year. RCS also offers a formal procedure through which staff on variable hours contracts such as these can request consideration for a pro rata contract, and there is a clear process and set of criteria.

RCS is committed to its evolving Equality, Diversity and Inclusion agenda, demonstrated by its prominence within the People and Culture Committee remit and Supporting Plan.

#### Promotion of Equality of Service under the Equality Act 2010

RCS [Mainstreaming Equality Report 2023](#) provides information on key ways in which we promote equality of delivery of service to different groups and have due regard to the public sector equality duties under the Equality Act 2010. Our current [Equality Outcomes 2021-2025](#), which focus on our priority areas for action, also provide information on success measures, strategic links, and how the Equality Outcomes link to the general equality duty of the Equality Act 2010. Our Equality Impact Assessments underpin the Conservatoire's vision and commitment

to provide our staff and students a positive and rewarding learning experience and to make a positive difference to the wider society. We use RCS Equal Pay Review to demonstrate our openness and commitment to the principle of equal pay for like work and for work of equal value, irrespective of gender, race, disability, or any other protected characteristic. Through this review, the Conservatoire provides statistical data and narrative on the comparative earnings of our staff by gender, race and disability; occupational segregation, and how we intend to address our existing pay gaps.

These documents are underpinned by a wide range of work and initiatives that include:

- Focused and challenging training for staff and students;
- Development of Gender-Based Violence (GBV) Guidance and GBV First Responders provision, to support and assist students or staff wishing to disclose any incident of GBV or sexual harassment;
- Involvement in sector wide developments in EDI issues (i.e. equality impact assessment processes);
- Working with departments and programmes to facilitate increased learning around race and diversity and inclusion;
- Development of in-house networks for staff and students that will feed back into policy development (e.g. Student and Staff Neurodiversity Networks);
- Development and monitoring of a new [British Sign Language Plan 2024-2030](#)
- Monitoring, analysing, and publishing gender pay gap and occupational segregation information in terms of gender, disability and race;
- Conducting an accessibility audit of our premises to evaluate and address the accessibility of our buildings that is consistent with good practice in accessibility standards, and help make our venues, events, and services more inclusive.

Health, Safety, Wellbeing and Child Protection

During the last year there have been several developments, improvements and activities taking place which are summarised below.

- Institute of Safety and Health (IOSH) Managing Safely training provided;
- Hearing Protection made available to all new students;
- An acoustician has assessed some of the Brass and Jazz rooms;
- Display Screen Equipment (DSE) support and equipment provided to staff on campus and at home;
- 5-year Health, Safety and Wellbeing (HSW) Strategy being implemented;
- Yoga Classes provided;
- Animals on Campus Policy updated;
- First Aid Needs assessment created;
- An RCS stress risk assessment has been created;
- Wellbeing at Work Guidelines created.

Wellbeing at Work Guidelines have been developed with tools and information provided to support staff. The HSW team provides training opportunities for staff relating to positive mental health and wellbeing with more training opportunities being developed this academic year.

All staff who may work on their own are Protection of Vulnerable Groups (PVG) checked. Training for Designated Child Protection Contacts from the National Society for the Prevention of Cruelty to Children (NSPCC) has been completed. Our Child Protection Policy has been reviewed and is available on the [RCS website](#) along with other Child Protection information.

**Financial Results**

Financial Summary

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Income</b>	30,684	27,650
<b>Expenditure</b>	<b>(28,768)</b>	<b>(27,759)</b>
Surplus/(deficit) before other gains and losses	<b>1,916</b>	<b>(109)</b>
Loss on disposal of fixed assets	(7)	(3)
Realised loss on investments	(340)	-
Surplus/(deficit) before unrealised gains and losses	<b>1,569</b>	<b>(112)</b>
Unrealised gain/(loss) on investments	711	(603)
<b>Surplus/(deficit) for the year</b>	<b>2,280</b>	<b>(715)</b>
Surplus/(deficit) for the year before FRS102 pension adjustment	1,516	(516)
Operating surplus/(deficit) (excluding gains and losses, endowment and restricted income)	1,656	(566)
Capital expenditure	484	704
Cash and cash equivalents and short-term deposits	5,196	5,737
<b>Net current assets</b>	<b>5,960</b>	<b>4,803</b>

The surplus for the year before unrealised gains and losses is £1.57M (2023: a deficit of £0.11M).

Funding Council grants increased by £0.74M due to an uplift in the Small Specialist Institution grant during the year offset by movements in the provision for claw back for under-enrolment of students. Tuition fees increased by £0.60M, mainly due to growth in international fee income and pre-HE activity and other income was boosted by a donation from RCS Endowment Trust of £1.50M (2023: nil). Total income increased by £3.03M.

The continuing favourable market conditions resulted in a net overall credit on the FRS102 pension service charge and net interest of £0.76M (2023: a charge of £0.20M) which significantly mitigated the overall increases in staffing and other operating expenses and contributed to the surplus for the year.

Staffing costs increased due to the average annual pay award of 3.5%, increments and a modest growth in overall numbers. Operating expenses increased due to project management and consultancy costs in relation to the implementation of a new Enterprise Resource Planning (ERP) system, increased costs of IT contracts, electricity, insurance and provision for bad debts and student accommodation voids. The overall net increase in expenditure is £1.01M.

Realised losses on investments of £0.34M were incurred when the portfolios were re-balanced by the incoming investment manager.

Unrestricted general reserves before capital asset donations at the year-end were £13.16M (2023: £12.35M).

The position relating to RCS's involvement in Strathclyde Pension Fund has improved compared to the previous year. The FRS 102 report at the year-end showed a net pension asset which has increased compared with the previous year, but it should be noted that the pension asset has not been recognised and details are set out in accounting policy note 1h and note 23 to the financial statements.

Cash on hand including short-term investments at 31 July 2024 was £5.20M (2023: £5.74M), a net reduction of £0.54M.

Summary of Investment Performance

RCS's investments are managed on a discretionary basis by a professional fund manager on behalf of the Board of Governors and monitored by the Finance and General Purposes Committee. The total return across the managed portfolios for the year was as follows:

Benchmark (CPI +3% compounded monthly)	Total Return	Over/Under Performance
%	%	%
5.2%	12.0%	+6.8%

A new investment manager was appointed with effect from August 2023 and the transfer of the portfolio assets from the previous manager occurred in stages through that month. A significant rebalancing exercise was then undertaken, aiming to achieve a long-term annual return of CPI+3% through a combination of capital growth and income.

There are five portfolios, three of which are identical in terms of asset allocation, stock selection and the weightings in individual holdings. The General Fund provides income for unrestricted use within RCS; the Prize Fund provides income to fund annual prizes, and the Piano Fund provides income in support of instrument leasing charges. The remaining two portfolios were created from donations received, one as a permanent endowment and one as an expendable endowment.

The portfolio holdings are diverse both in geography and sectors. This diversified approach aims to mitigate stock and sector specific risk and to where possible reduce portfolio volatility.

The portfolios have benefited from exposure to the US technology sector and a range of non-tech investments (financials, UK mid-cap and industrials) have performed well since the funds' inception. The duration of the government bond allocation in the portfolio has progressively increased as inflation cools and cuts in interest rates are expected. Fixed income assets now offer both an attractive risk-adjusted return and portfolio diversification.

RCS will not invest directly in companies which derive more than 5% of their revenues from the following sectors: oil and gas exploration, coal mining, armaments or tobacco. Additionally, RCS will not invest directly in companies that are classified by Morgan Stanley Capital International as failing to comply with the UN Global Compact International agreement.

**Risks and Uncertainties**

Strategic Risks

The Board of Governors has adopted a Risk Appetite Statement which defines risks that RCS is willing and prepared to take, risks that RCS needs to reduce and risks that RCS is not willing to accept. In addition, the Risk Appetite Statement:

1. Provides guidance on the categorisation of risks inherent in existing and new activities;
2. Identifies the risk boundaries, where, if the risk were to crystallise, the impact is adverse and not acceptable;
3. Supports a comprehensive analysis of the risk across RCS, promoting awareness and understanding of how the risks inter-relate; and
4. Provides a consistent methodology for examining risks and identifying risks that have to be taken to achieve the strategic objectives.

RCS has determined the institutional risk appetite within a number of categories which were reviewed during the year and are as follows:

Category	Risk Appetite
Compliance and adherence to statute, regulations and professional standards	Zero
Health, safety & well-being and safeguarding	Low
Development of learning and teaching and research	High
International growth and development	Medium
Student lifecycle experience	Medium
Reputation	Low/Medium
Financial stability and flexibility	Low
People and culture	Medium
Major projects	Low/Medium*
Physical environment	Medium
Virtual security and resilience	Low

\* Risk appetite depends on the nature of the project.

The Board of Governors manages these risks through the senior management team which, together with lay Governor participation, forms the Risk Management Group. The Board receives regular reports through the Audit and Risk Committee on the controls and mitigating actions that are in place and planned.

**The higher strategic risk areas are regarded as being:**

***Achievement of student recruitment targets and ability to deliver programme change and growth in a cost effective, space efficient manner***

The main lever RCS has to generate additional income is growth in tuition fees. In the HE space this is becoming more difficult due to a combination of increased intensity of competition from other institutions post-Brexit, the legacy impact of the pandemic on the applicant pool and the effect of the current economic environment on both potential applicants and existing students. In pre-HE a key constraint in volume growth is availability of space under current custom and practice.

RCS mitigates this risk through:

- New recruitment strategy which will continue to target main existing international markets and diversify into new markets;
- Performance projects, masterclasses, and audition tours for partner feeder schools;
- Centralised timetable to be implemented from 2024-25 to increase efficiency of space allocation;
- Evolution of programme portfolio to appeal to a wider applicant pool;
- Curriculum review process to rationalise production calendar and delivery of music teaching;
- Use undergraduate review process to ensure attractiveness/marketability of programme content;
- Deployment of alumni ambassadors in recruitment activity;
- Workload allocation model to ensure Full Time Equivalent (FTE) staff time is appropriately distributed across key categories;
- Revision of teaching model and streamlining of production calendar;
- Alignment of management structure of pre-HE activity with senior phases (music; drama, production, and film; dance) to develop pipeline;
- Fundraising focus on building scholarship funds;
- Deployment of video-based auditions to ensure geography is not a barrier to application;
- Connecting offer holders to current students and alumni where possible and appropriate.

**Failure to maintain financial viability in the short to medium term**

RCS has achieved a surplus for the year, but this is largely due to financial support provided by RCS Endowment Trust. There is a forecast deficit for the year ahead and a break even for the following year dependent in the main on the successful implementation of growth initiatives. The short to medium term outlook for core grant funding is poor with in-year cuts to Government Departmental expenditure announced.

RCS mitigates these risks through:

- Dialogue with SFC through which RCS has secured additional SSI grant funding and mitigation of grant cuts for the 2024-25 settlement;
- Engagement with SFC to make the case that claw back of grant should be mitigated in recognition of the particular on-going challenges RCS faces due to the impact of Brexit and the pandemic;
- Development of academic portfolio to improve prospects for Scots applicants;
- Additional financial support from RCS Endowment Trust to provide a buffer of working capital while growth initiatives are being implemented;
- Tuition fee reset from 2024-25 which will build up in the coming years;
- Increased investment in and focus on expansion of pre-HE and short course activities to generate increased financial contribution;
- Close monitoring of cash levels and cash flow projections;
- Availability of a general investment portfolio which could provide a cash buffer if required;
- Targeted use of additional KEIF funding to protect future funding allocations;
- RCS Endowment Trust continues to provide financial support to RCS Trust to mitigate loss of Associated Board of the Royal Schools of Music (ABRSM) donations which allows continuation of scholarships to support RCS students. This resource has been enhanced in the short term in recognition of the impact of cost of living challenges to recruitment and retention;
- Additional support from RCS Endowment Trust to expand fundraising capacity.

**Failure to adapt to maintain longer term financial sustainability**

The challenge of longer-term financial sustainability cannot be separated entirely from the issues which face RCS over the short/medium term and many of the mitigants overlap and support both risk areas. Other mitigations include:

- The compound impact of embedding of tuition fee reset introduced for incoming students from 2024-25;
- Development and introduction of a suite of low residency master's programmes for 2025-26;
- Planned growth in student numbers through to the end of the planning period;
- Continuing institution-specific lobbying as the nation's only conservatoire;
- Focus on returns from the increased investment in the development and fundraising operation to boost philanthropic giving for core and scholarship purposes;
- Continue to market RCS positively internationally and work to maintain high standing in world rankings;
- Innovations in curriculum and new programme offerings to remain relevant and attractive in the marketplace;
- Pensions provision is regularly examined and kept under review.

**Delivery of major systems implementation**

RCS is in the process of implementing a new integrated human resources, payroll and finance system, a major project which is being undertaken alongside business-as-usual activities. The initial plan was to go live in August 2024, but the timetable has slipped, and the project has been re-planned and is now being delivered in a phased way as user acceptance testing and data migration are completed satisfactorily.

The risks are mitigated by:

- A governance structure with Project Board and Project Team with defined responsibilities;
- Extension of appointment of professional project manager;
- A detailed project plan with risk and issues register that is regularly reviewed;
- System dependencies and workarounds part of assessment of go live decisions;
- Retention of existing system for a period;
- Provision of additional staff resource to support colleagues;
- Additional consultancy time from the supplier;
- Specialist database consultant appointed to supplement staff resource;
- Go live checklist for each key component;
- Communication plan to keep colleagues informed of rollout timeline.

## KEY PERFORMANCE INDICATORS

In Autumn 2023, the Board of Governors agreed a comprehensive suite of strategic performance indicators to assist it to monitor performance across the range of RCS's activities aligned to the strategic plan.

The majority of the operational KPIs are financial ones, with the headline KPI focusing on erasing the deficit and generating a moderate surplus by 2026. Achieving this has involved the institution focusing on stabilising HE fee income and well as balancing out non-HE student fee income, research grants and contracts, fundraising, and scholarship development.

HEADLINE METRICS	2023-24 Budget target	2023-24 Outcomes	On track
Income generation to stabilise the financial health of the institution	(£1,158,000)	£1,569,000 <sup>1</sup>	See foot note
Stabilise HE student fee income by ensuring recruitment targets are met	£9,447,000	£9,094,000	No
Increase proportion of non-HE funding income	£3,577,000	£3,167,000	No
Research grants and contracts (ex-SFC)	£82,000	£104,000	Yes
Grow fundraising income by 15% per annum	£371,000	£764,000	Yes (see narrative below)
Number of Research Outcomes:			
Applications for external funding	48	11	Yes
Research outputs		76	Yes
	<b>2022/23 baseline</b>		
Scholarship donations from Trusts, Foundations, and individuals. (nb. raised via RCS Trust)	£776,000	£1,326,000	Yes
Grow the Higher Education student population responsibly (final numbers at academic year end)	1,222	1,195	No
Maintain the Student Achievement Rate (SAR) – completion rates	96%	96%	Yes
Improve the Student Experience (NSS overall satisfaction)	73%	75%	Yes
Maintain excellent Graduate Outcomes (% of relevant cohort in work or further study)	94%	92%	No
Fulfill Commission for Widening Access (COWA) aspirations – to achieve 20% SIMD20 entrants by 2030	15%	17%	Yes
Remain in top 10 of QS World Rankings	6	6	Yes

HE Student numbers and pre-HE activity has been under target in the first year of the new strategy. The operating result has benefited from a £1.5M donation from the RCS Endowment Trust and a reduction in the net overall FRS102 pension charge of £913K from that budgeted. There is therefore still a significant underlying operating deficit before unrealised gains and losses. RCS strategy aims to grow and retain student numbers, grow pre-HE income and find efficiencies through the curricular review process by making changes to delivery patterns and the production calendar.

Income from fundraising is ahead of target and the financial statements include in addition the donation from the RCS Endowment Trust noted above. Donations for scholarships to RCS Trust increased in the year to December 2023. Further investment in fundraising capacity from the RCS Endowment Trust aims to build momentum to continue to grow philanthropic giving and diversify income.

<sup>1</sup> Operating surplus before unrealised gains and losses.

## CORPORATE GOVERNANCE STATEMENT

The Board of Governors of RCS is collectively responsible for overseeing RCS's activities, determining its future direction, and fostering an environment in which RCS's mission is achieved and the potential of all of its students is achieved. The Board of Governors ensures that RCS complies with the legislative, regulatory, and best-practice framework within which Scottish higher education operates.

In the opinion of the Governing Body, the institution complied with all the principles and provisions of the 2023 Scottish Code of Good Higher Education Governance through the year.

### **The Board of Governors**

The Board of Governors is the Conservatoire's governing body. Its powers have been defined over a number of years as reflected in its statutory instruments. The business of RCS is overseen by the Board of Governors who may exercise all the powers of the company. The statement of Governors' responsibilities for preparing the financial statements is set out on pages 27 and 28.

The Board of Governors is responsible for RCS's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve its business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

As head of the governing body, the Chair is responsible for leadership of the Board and ensures its effective functioning. The Chair is supported in this work by a Vice Chair and a Senior independent Governor. The Chair oversees the smooth operation of the business of the Board.

The Board of Governors met four times during the year up to July 2024. Additionally, the Board normally holds an annual meeting to consider strategic planning issues. It may delegate any of its powers to any committee of one or more Governors.

### ***Size and Composition of the Board of Governors***

As of September 2024, the Board of Governors comprises a total of 23 Governors. This total is composed of the following:

- 14 Lay Governors (including the senior lay governor – (the Chair) with proven experience in the performing arts, industrial, commercial or employment matters or the practice of any profession;
- 3 *ex officio* governors: Principal, Deputy Principal, and an elected member from Academic Board;
- 2 student members: Student Union President & Student Union Vice President;
- 2 elected/nominated staff Governors (1 elected from the academic staff; 1 from the professional services staff);
- 2 Union representative governors (1 from Educational Institute of Scotland (EIS); 1 from Unison).

Multiple factors influence both the size and composition of RCS Board of Governors. The main ones are:

1. Ensuring that the skills and experience profile of its total membership is sufficient to meet the Board of Governors' commitments in terms of its Statement of Primary Responsibilities, the Scottish Code of Good Higher Education Governance 2023 and to operate its various Committees.
2. Being able to adapt the Board's skills matrix to accommodate the changing context in which performance arts education is developing, within the year to July 2024 having a specific focus on improving representation on the Board with regards to generative Artificial Intelligence (AI) in the performing arts.
3. Emphasising, through the Board membership, its position as a national institution with an international profile and ambitions.
4. Aligning its singular focus on performing arts education with a Board membership drawing on the expertise and wisdom of individuals with either direct experience of performance or with leadership/senior management experience in the performing arts.
5. Committing to equality and diversity: both equalities legislation and the gender recognition on public boards' requirements play a role in how the Board considered its composition.

### ***The work of the Board's committees***

The Board of Governors conducts much of its business through its committees. All of these committees are formally constituted with their own terms of reference which were comprehensively updated in 2023-24 as part of the institution's preparation for quinquennial review in academic session 2024-25. The committees are:

**Academic Board** which is responsible to the Board of Governors for the overall planning, co-ordination, development, and supervision of the academic work and for Quality Assurance and Quality Enhancement within RCS. The membership comprises the Principal, the Deputy Principal, the Senior Academic Managers, the Head of Information Services, a member co-opted from another academic institution, up to three elected student members, five elected academic staff members and a lay governor in attendance. During the year to July 2024, the Academic Board met five times and was convened by the Principal, Professor Jeffrey Sharkey and, in his absence, by the Deputy Principal, Dr Lois Fitch.

**Finance & General Purposes Committee** which *inter alia* recommends to the Board of Governors RCS's annual revenue and capital budgets and monitors performance in relation to these approved budgets. The Committee examines all matters which have major financial implications for RCS and, therefore, it is involved in the examination of all aspects of RCS's planning and budgetary processes. The scope of the committee's remit may, from time to time, include the examination of issues which extend beyond financial, but which are nevertheless of strategic importance. Its membership is composed of 8 governors in total, including the Chair (*ex officio*), 5 lay governors, the Principal (*ex officio*), and the Student President (*ex officio*), plus the convener of Audit & Risk Committee in attendance. During the year to July 2024, the committee met seven times and was convened by Andrew Butcher.

**Audit & Risk Committee** which advises and assists on the adequacy of the risk management and internal control environment of the Conservatoire. The committee oversees the proper preparation of the annual report and accounts and the work of the internal and external auditors. It meets at least three times per year and at least once per year it meets with the Conservatoire's external and internal auditors for independent discussions. Its membership is composed of 4 lay members, plus the convener of Finance and General Purposes is in attendance. During the year to July 2024, the committee met three times and was convened by Caroline Roxburgh. The external and internal audit services were subject to a tender process during the year and as a result the Board of Governors approved the appointment of AAB and Azets respectively with effect from 2024-25. The **Risk Management Group**, which meets four times per year, is convened by the Director of Finance and Estates, and to which up to two lay governors can attend, is responsible to the Audit and Risk Committee for identification of risk and ensuring that all identified risks are assessed adequately, addressed in policies, and regularly reviewed and updated in a systematic process. As part of the revision of committee effectiveness and the preparation of renewed Terms of Reference, a new Prevent Management Group was implemented to sit under the Risk Management Group to ensure the Conservatoire is able to implement changes to guidance quickly and respond specifically to issues associated with the Prevent duty.

The **Nominations Committee** which makes recommendations to the Board of Governors on matters relating to its structure, effective governance, and membership. It is composed of the Chair (*ex officio*), the Principal (*ex officio*), the Student President (*ex officio*), the Senior Independent Governor (*ex officio*), two lay governors, and one elected staff governor. Central to its business in the year to July 2024 was the recruitment of a new lay governor and oversight of the renewed Terms and Conditions for all Board committees. During the year to July 2024, the committee met twice and was convened by Professor Dorothy Miell.

The **Remuneration Committee** which ensures that the salaries and terms and conditions of members of RCS senior management, including any severance arrangements, are decided in accordance with agreed policies and processes and take account of all relevant external requirements, including those of: the Scottish Funding Council; the Scottish Code of Good Higher Education Governance; and the Committee of Scottish Chairs' Guidance Note on the Operation of Remuneration Committees in Scottish Higher Education. The committee ensures that all salaries and conditions are determined by the use of performance management systems, such as the Professional Update process, and a transparent reward framework, using appropriate salary benchmarking for RCS/Public Sector as appropriate and RCS pay award. The committee has two lay governors, the Convener of Finance & General Purposes committee (*ex officio*), the Chair (*ex officio*) and is attended by the Director of HR and the Principal (*ex officio*) (except during discussions regarding the Principal's remuneration) and the Academic Registrar and Secretary. During the year to July 2024, the committee met once and was convened by Dr David Hare as the Senior Independent Governor.

The **People and Culture Committee** which is responsible for the review of people strategies across RCS. This includes both a specific focus on the employee life-cycle and also the strategies and policies relating to the student life-cycle. The committee monitors and reports on strategic progress and reviews related KPIs and data, which will inform future development. The committee makes recommendations for internal reviews as and when appropriate. The committee provides a People and Culture report to the Board of Governors which includes Health, Safety and Wellbeing, and Equality, Diversity and Inclusion activities. The committee ensures that the Conservatoire approaches are directed by and consistent with RCS Strategic Plan. Its current membership is five lay governors, the Deputy Principal (*ex officio*), the Student President (*ex officio*), and one elected staff governor (*ex officio*). It has met four times during the year to July 2024 and is convened by Sharon Mair.

The **Fundraising Committee** which ensures the approval and oversight of a fundraising strategy that aligns with and enables the achievement of RCS strategic plan. It also actively supports and challenges RCS executive in the development of and securing of additional and recurring revenue sources and/or streams to support scholarship, project, campaign, and unrestricted income activity as well as approving and overseeing the strategy for alumni engagement and future giving. Its current membership comprises of six lay governors, the Chair (*ex officio*) and the Principal (*ex officio*). During the year to July 2024, the committee met four times and was convened by Philip Rodney.

The **Infrastructure Committee** oversees the operation and, where appropriate, development of RCS Estate Strategy to ensure that it supports the achievement of RCS strategic plan. The committee has delegated responsibility for the control of major capital works in accordance with the terms of the guidelines and directions



issued by the Scottish Funding Council and Government, always observing the principles and procedures set down in the *Capital Projects Decision Point Process*. It receives, considers, and ultimately recommends the Estate Strategy to the Board of Governors. Its current membership is three lay governors, the Chair (*ex officio*), the Principal (*ex officio*), and Student President (*ex officio*). During the year to July 2024, the committee met six times and was convened by Ed Monaghan.

**ATTENDANCE CHART**

	Board of Governors	Finance & General Purposes	Audit and Risk	Health, Safety & Wellbeing	Remuneration	Fair Access	Nominations	Academic Board	Development & Fundraising	People & Culture	Infrastructure
Dorothy Miell	4/4	6/7			1/1		2/2		3/4		4/6
Caroline Roxburgh	4/4	7/7	3/3								
David Hare	4/4				1/1		1/2			3/4	
Jo Buckley	3/4								2/4	3/4	
Andrew Butcher	4/4	7/7	3/3		1/1				4/4		
Morag Campbell	4/4					1/1			2/4	3/4	
Stuart Cross	3/4	5/7					2/2				
William English	4/4										
Sharon Mair	4/4		2/3						2/4	4/4	
Ed Monaghan	2/4	5/7									5/6
Robert Laidlow	3/3										3/3
Nacim Pak-Shiraz	1/4				1/1		2/2			3/4	
Alexander Lee	4/4										
Philip Rodney	4/4	6/7							4/4		
Matthew Rooke	4/4		2/3			1/1					6/6
John Taylor	2/4	7/7	3/3						2/4		
Jeffrey Sharkey	4/4	6/7		1/4			2/2	2/5			3/6
Lois Fitch	4/4	6/7		3/4				5/5		4/4	
Ken Fairbrother	4/4	4/7		4/4		1/1	2/2	5/5		4/4	3/3
Jean Sangster	2/4						2/2	4/5			
Ulysse Tonnele Verjus	4/4							5/5			
Elizabeth Jenkinson	4/4									2/4	
Ruth Calder	4/4									4/4	

**Additional Governance Groups**

The following additional groups meet as required to ensure the effective operation of the Board of Governors: **The Convenors' Group** is for all the convenors of RCS' Board of Governors' related committees and is convened by the Chair. It meets regularly to discuss issues affecting Board committees, communicates regarding governance and committee business between committee meetings as necessary, and oversees the current annual evaluation of Board committee effectiveness. It has met twice in the year to July 2024 and is convened by the Chair of the Board.

The **Ad Hoc Corporate Governance Reference Group** is established by the Board of Governors to meet on an ad hoc basis to receive sensitive information, for example about complaints or issues that could impact the governance and/or reputation of the RCS, which might raise general or specific issues of concern or suggest a significant lapse in good governance. It provides a mechanism for determining whether and in what way these matters should be considered and eventually brought formally to the attention of the Board. It has not been required to meet in the last year.

**Student and Staff Engagement in Governance and Quality Processes**

Students are represented at all levels of RCS's governance and academic quality assurance and enhancement processes. Central to student engagement in governance and quality is the role of the sabbatical officers of the Conservatoire's Students' Union. The President and Vice President of the Students' Union are members of both the Board of Governors and the Academic Board. The President of the Students' Union sits on all but the Audit and Risk, Fundraising, and Remuneration committees of the Conservatoire.

In compliance with the Code, and to ensure student engagement in all matters related to the academic quality of their programmes, students are members of all academic-related committees and processes that report to the Academic Board, other than Boards of Examiners and progress committees. Additionally, membership of the Board of Governors includes two elected staff Governors (one by academic and the other by professional services staff) and one staff Governor nominated by the Academic Board, which itself includes two elected staff (one from each School) and two staff nominated by School committees.

Uniquely in higher education, both elected staff Governors and the President of the Students' Union are shareholders in the Company (the Royal Conservatoire being a Company Limited by Guarantee with a Shareholding). As well as being of significant symbolic and governance importance, rights of shareholders include the ability to propose resolutions at RCS's Annual General Meeting.

Risk Assessment and Management

RCS Senior Management Team, together with one Lay Governor, form the Risk Management Group (RMG). The RMG has responsibility for the Strategic Risk Register which is prioritised in terms of the overall net impact each identified risk has on the achievement of the business objectives of the institution. The Strategic Risk Register is reviewed regularly by the RMG, the Audit and Risk Committee and the Board of Governors.

New areas of risk and/or weaknesses identified by the RMG (which reports through the Audit and Risk Committee to the Board of Governors) are addressed. Where opportunities to further enhance the control environment are identified, appropriate actions are defined and completion dates scheduled, so that progress can be monitored closely.

In summary, a suitable process for identifying, evaluating, and managing the significant risks faced by RCS has been in place for the year under review and up to the date of approval of these financial statements.

RCS's Risk Management process is compliant with the terms of the Scottish Code of Good Higher Education Governance.

The Internal Auditors of RCS assess the adequacy and effectiveness of the organisational governance, risk management, internal controls, and value for money. Any recommendations as a result of the internal audit are reviewed and planned into the development of policies, internal controls and future strategic plans.

In the opinion of the Internal Auditors for the financial year, the RCS has a framework of governance and internal controls that provides reasonable assurance over the organisation's effective and efficient achievement of objectives and the management of key risks, except in relation to the CRM System which is an older system used to administer junior and short-course provision and has a number of critical system weaknesses. In the light of the findings and the importance of the system for the future, management are taking action to address these matters.

In October each year the Board of Governors receives an Annual Report, forwarded through the Audit and Risk Committee, which reports on the process of internal controls and risk management at RCS.

### Institutional Sustainability

The Board of Governors monitors and enhances institutional sustainability through a number of channels. These include:

- Strategic planning;
- The setting and monitoring of budgets and future financial forecasts with the aim of returning to operating surpluses year on year;
- Regular reports on student recruitment and retention;
- Setting targets and receiving regular progress reports on fundraising activity from the Executive;
- Expansion of fundraising capacity; and
- Appointment of a business development director.

### Reserves

RCS carries reserves to allow it to continue to support the advancement of the business through, for example, investment in new and replacement capital equipment and the cost of development of new programmes and to provide a buffer if operating losses need to be absorbed. The Board of Governors through the Finance and General Purposes Committee undertakes an annual review of the adequacy of reserves to support RCS's operational and strategic requirements. The latest review in October 2024 confirmed that the level of reserves was adequate for these purposes.

### Going Concern

As noted in the Annual Report, RCS has produced an operating surplus for the year under review after unrealised losses on investments, albeit the majority of the surplus is attributable to donation support from RCS Endowment Trust. The latest information available indicates that the forecast outturn for the year ahead will be an operating deficit. However, taking into account current liquidity, cash flow projections, future expected cash generation and the level of acceptances for places on programmes commencing in September 2024, it is considered that there are adequate resources to meet RCS's future financial commitments. There are currently long-term borrowings of £1,154,000 from RCS Infrastructure Trust which are not repayable on demand and are more than offset by cash and unrestricted investments as set out in the statement of cash flows and notes 12 and 14 to the financial statements. The Governors believe that RCS can manage its business risks despite the current uncertain economic outlook and have a reasonable expectation that RCS will continue to receive adequate support from the SFC and from RCS Trusts. Accordingly, the Governors consider that RCS will have sufficient resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Governors' Statement on Annual Report and Financial Statements

The Governors have considered the Annual Report and Financial Statements as a whole and consider them to be fair, balanced, and understandable and to provide the information necessary for stakeholders to assess RCS's performance, business model and strategy.

**STATEMENT OF PRIMARY RESPONSIBILITIES OF THE BOARD**

To approve the mission, strategic vision and values of the Conservatoire of Scotland, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.

Under the general control and direction of the Board, to delegate authority to the Principal, as chief executive, for the academic, corporate, financial, estate and personnel management of the Conservatoire and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Principal.

To retain strategic responsibility for quality and provide public accountability for all aspects of institutional activities, including quality assurance and enhancement.

To delegate to the Academic Board the function of the Board relating to the overall planning, co-ordination, development and supervision of the academic work of the Conservatoire and such other functions of the Board as may be assigned to the Academic Board by the Board. Under these arrangements, the Board must satisfy itself that there are appropriate processes in place with regard to quality assurance and enhancement of educational provision.

To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, procedures for handling internal grievances, complaints from students/staff and others (including whistleblowing) and for managing conflicts of interest.

To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the Conservatoire against the plans and approved key performance indicators, which should be – where possible and appropriate – benchmarked against other comparable institutions.

To establish processes to monitor and evaluate the performance and effectiveness of the Board itself.

To establish processes to monitor and evaluate the performance and effectiveness of the Chair of the Board.

To conduct its business in an open and transparent manner and in accordance with the Scottish Code of Good HE Governance, bearing in mind the principle of proportionality and relevance to the nature of the Conservatoire, and with the principles of public life drawn up by the Committee on Standards in Public Life.

To ensure that the Conservatoire meets its commitments to the Scottish Funding Council and other funding providers.

To safeguard the good name and values of the Conservatoire.

To appoint the Principal as chief executive, and to put in place suitable arrangements for monitoring her/his performance.

To appoint a Secretary to the Board and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.

To be the employing authority for all staff in the Conservatoire and to be responsible for establishing a human resources strategy.

To be the principal financial and business authority of the Conservatoire, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the Conservatoire's assets, property and estate.

To ensure that public funds are appropriately applied and are properly accounted for and that the Royal Conservatoire delivers value for money.

To be the Conservatoire's legal authority and, as such, to ensure that systems are in place for meeting all of the Conservatoire's legal obligations, including those arising from contracts and other legal commitments made in the Conservatoire's name.

To make such provision as it thinks fit for the general welfare of students, in consultation with the Academic Board.

To act as custodian for any legacy, endowment, bequest or gift made directly to the Conservatoire.

To act as the Board of Directors of the Conservatoire as a Company Limited by Guarantee with a share issue and to manage the business of the Company, exercising all the powers of the Company.

To ensure that the Conservatoire's constitution is followed at all times and that its business is conducted in accordance with its various statutory obligations and that appropriate advice is available to enable this to happen.

To both constructively challenge and support the management of the Conservatoire.

**STATEMENT OF GOVERNORS' RESPONSIBILITIES IN PREPARATION OF THE FINANCIAL STATEMENTS**

In accordance with the Companies Act 2006 and the Financial Memorandum with the Scottish Funding Council, the Governors are responsible for the administration and management of the affairs of RCS, including ensuring an effective system of internal control, and are required to present audited financial statements for each financial year which disclose a true and fair view of the state of affairs of RCS and of the surplus or deficit and cash flows for that year.

The Governors are responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of RCS and which enable them to ensure that the financial statements are prepared in accordance with the Companies Acts, the Accounts Direction issued by Scottish Funding Council, the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education Institutions effective from 1 January 2019 and other relevant accounting standards.

In preparing the financial statements, the Governors have ensured that: -

- Suitable accounting policies are selected and applied consistently;
- Judgments and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Financial statements are prepared on a going concern basis unless it is inappropriate to presume that RCS will continue in operation. The Governors are satisfied that RCS has adequate resources to continue in operation for the foreseeable future: for this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

The Governors have taken reasonable steps to: -

- Ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Council and any other conditions which they may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of RCS and hence to take reasonable steps to prevent and detect fraud and other irregularities;
- Secure the economical, efficient, and effective management of RCS's resources and expenditure; and
- Ensure sound corporate governance and the proper conduct of RCS's operations.

The key elements of RCS's system of internal financial control, which is designed to discharge the responsibilities, set out: -

- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- A comprehensive short and medium-term planning process, supplemented by detailed annual income, expenditure, and capital budgets;
- Regular reviews of key performance indicators and business risks and financial results involving variance reporting and updates of forecast outturns;
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Governors;
- Comprehensive financial controls and procedures, designed to meet the organisation's financial regulatory requirements;
- The appointment of a firm of Chartered Accountants offering internal audit services, whose annual programme is approved by the Audit and Risk Committee, provides them with a report on the internal audit activity within RCS and an opinion on the adequacy and effectiveness of RCS's system of internal controls, including internal financial control.
- Oversight in meeting financial regulations in the preparation of the Annual Report and Accounts by a joint committee of the Audit and Risk Committee and Finance and General Purposes Committee

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

**Statement as to disclosure of information to auditors**

The Governors have taken all the necessary steps to make themselves aware, as Governors, of any relevant audit information and to establish that the auditors are aware of that information. As far as the Governors are aware, there is no relevant audit information of which the company's auditors are unaware. The Governors confirm that, whilst the auditors have been engaged in non-audit work during the year, sufficient safeguards have been implemented from the audit firm to ensure that the independence of the audit was not compromised.

**GOVERNORS' REPORT****MEMBERSHIP****Governors**

The Governors set out in the table below have held office during the whole of the period from 1 August 2023 to the date of this report unless otherwise noted.

*Lay Governors*

Professor Dorothy Miell OBE  
Caroline Roxburgh  
David Hare (Senior Independent Governor)  
Jo Buckley  
Andrew Butcher  
Morag Campbell  
Professor Stuart Cross  
Sharon Mair  
Ed Monaghan  
Professor Nacim Pak-Shiraz  
Philip Rodney  
Professor Matthew Rooke  
John Taylor  
Robert Laidlow (from 26/01/24)

*Governors ex officio*

The Principal:  
Professor Jeffrey Sharkey

The Deputy Principal:  
Dr Lois Fitch

*Nominated by Academic Board*  
Jean Sangster

*Students nominated*

The President, Students' Union:  
Ken Fairbrother (to 31/07/24)  
Ulysse Tonnele Verjus (from 01/08/24)

The Vice President, Students' Union  
Ulysse Tonnele Verjus (to 31/07/24)  
Dale Thrupp (from 01/08/24)

*Staff Governors-elected*

Elizabeth Jenkinson (Academic staff)  
Ruth Calder (Professional staff)

*Trades' Unions nominated*

William English (from 01/08/23)  
Alexander Lee (from 01/08/23)

**Honorary doctorates of the Royal Conservatoire of Scotland**

The following honorary doctorates were awarded during the academic session 2023-24:

Doctor of Dance  
Akram Khan

Doctor of Drama  
Ivan Heng

Doctor of Music  
Vashti Bunyan

**Governors' Interests**

Register of Governors' interests can be viewed on the website at [http://www.rcs.ac.uk/about\\_us/governors/register/](http://www.rcs.ac.uk/about_us/governors/register/)

**Governors' interests**

Ruth Calder	60 ordinary shares of £1
Elizabeth Jenkinson	60 ordinary shares of £1
Professor Dorothy Miell	60 ordinary shares of £1
Professor Jeffrey Sharkey	60 ordinary shares of £1
Ulysse Tonnele Verjus	60 ordinary shares of £1

Governors' interests are shown as at the date of this report.

The Memorandum and Articles of Association prohibit payment of any dividend on the shares, prohibit any distribution to the shareholders in the event of a liquidation and require the Chair to vote in accordance with the wishes of the Governors on certain matters. RCS maintains a register of Governors' interests and a register of gifts to governors and staff.

**Directors' and Officers' liability insurance**

RCS has arrangements for directors' and officers' liability insurance cover.

**Fixed assets**

The fixed asset movements for the year are detailed in Note 11 to the financial statements.

**Payment of creditors**

It is RCS's policy to obtain the best terms for all goods and services. There is thus no single policy as to the terms used. In agreements negotiated with suppliers, RCS endeavors to include and abide by specific payment terms. The creditors' balance at 31 July 2024 represented 5% of total purchases for the year, equivalent to 19 creditor days. No interest was paid in terms of the Late Payments of Commercial Debts (Interest) Act 1998.

**Auditors**

In accordance with Section 485 of the Companies Act 2006 a resolution for the appointment of AAB LLP as auditors of RCS is to be proposed at the forthcoming annual general meeting.

APPROVED BY THE GOVERNORS ON 25 OCTOBER 2024 AND SIGNED ON THEIR BEHALF BY



Professor Dorothy Miell  
Chair



Professor Jeffrey Sharkey  
Principal

**Independent Auditor's Report to the Board of Governors of the Royal Conservatoire of Scotland****Opinion**

We have audited the financial statements of the Royal Conservatoire of Scotland (the 'RCS') for the year ended 31 July 2024 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, The Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of RCS'S affairs as at 31 July 2024, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the governors' 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 RCS'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 Governors 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 Chair's report, other than the financial statements and our auditor's report thereon. The governors 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.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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



We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

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

#### Responsibilities of the Board of Governors

As explained more fully in the governors' responsibilities statement, the governors (who are also the trustees and directors of RCS for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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.

We gained an understanding of the legal and regulatory framework applicable to RCS and the sector in which it operates and considered the risk of acts by RCS which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Charities and Trustee Investment (Scotland) Act 2005, and Health and Safety Regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in RCS's financial statements. Our tests included, but were not limited to:

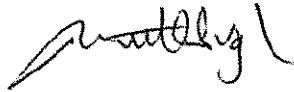
- Agreement of the financial statement disclosures to underlying supporting documentation;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Enquires of senior management and the governors; and
- Review of minutes from the Finance & General Purposes Committee meetings and Audit and Risk Committee meetings throughout the period.

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 is available on the FRC's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-f/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's report.

Use of our report

This report is made solely to RCS's Governors, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to RCS'S Governors, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to RCS's members and Governors' those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other RCS, RCS's governors as a body, for our audit work, for this report, or for the opinions we have formed.



Jeremy Chittleburgh CA (Senior Statutory Auditor)

For and on behalf of Chiene + Tait LLP (trading as CT)

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh

EH3 6NL

7/11/2024

## Statement of Comprehensive Income for the year ended 31 July 2024

	Note	2024 £'000	2023 £'000
<b>INCOME</b>			
Funding body grants	2	14,665	13,923
Tuition fees and education contracts	3	12,261	11,657
Research grants and contracts	4	104	156
Other income	5	1,000	705
Investment income	6	390	424
Donations and endowments	7	2,264	785
<b>Total Income</b>		<b>30,684</b>	<b>27,650</b>
<b>EXPENDITURE</b>			
Staff costs	8	21,514	20,609
Other operating expenses	10	6,316	6,212
Depreciation	11	938	938
<b>Total Expenditure</b>		<b>28,768</b>	<b>27,759</b>
<b>Surplus/(Deficit) before other gains and losses</b>		<b>1,916</b>	<b>(109)</b>
Loss on disposal of fixed assets		(7)	(3)
Realised loss on investments		(340)	-
<b>Surplus/(Deficit) before unrealised gains and losses</b>		<b>1,569</b>	<b>(112)</b>
Unrealised gain/(loss) on investments	12	711	(603)
<b>Surplus/(Deficit) for the year</b>		<b>2,280</b>	<b>(715)</b>
Actuarial (loss)/gain in respect of pension schemes	23	(764)	199
<b>Total comprehensive income for the year</b>		<b>1,516</b>	<b>(516)</b>
Represented by:			
Endowment comprehensive income for the year		312	(44)
Restricted comprehensive income for the year		34	374
Unrestricted comprehensive income for the year		1,170	(846)
		<b>1,516</b>	<b>(516)</b>

All items of income and expenditure relate to continuing activities

## Statement of Changes in Reserves for the year ended 31 July 2024

	Share Capital	Restricted (Endowment )	Restricted (Other)	Unrestricted (General)	Unrestricted (Pension)	Unrestricted (Revaluation)	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2022</b>	8	2,223	226	24,314	-	1,711	28,482
Surplus/(Deficit) from the comprehensive income and expenditure statement	-	44	469	(1,029)	(199)	-	(715)
Other comprehensive income	-	-	-	-	199	-	199
Transfers between revaluation and income and expenditure reserve	-	-	-	478	-	(478)	-
Release of restricted funds spent in the year	-	(88)	(95)	183	-	-	-
<b>Total comprehensive income for the year</b>	-	(44)	374	(368)	-	(478)	(516)
<b>Balance at 1 August 2023</b>	8	2,179	600	23,946	-	1,233	27,966
Surplus from the comprehensive income and expenditure statement	-	395	226	895	764	-	2,280
Other comprehensive income	-	-	-	-	(764)	-	(764)
Transfers between revaluation and income and expenditure reserve	-	-	-	(523)	-	523	-
Release of restricted funds spent in the year	-	(83)	(192)	275	-	-	-
<b>Total comprehensive income for the year</b>	-	312	34	647	-	523	1,516
<b>Balance at 31 July 2024</b>	8	2,491	634	24,593	-	1,756	29,482

Royal Conservatoire of Scotland

Annual Report for the Year Ended 31 July 2024

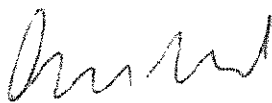
Statement of Financial Position as at 31 July 2024  
(Company Registration No.SCO4703)

	Note	2024 £'000	2023 £'000
<b>Non-current assets</b>			
Tangible fixed assets	11	32,913	33,377
Investments	12	8,548	8,027
		<u>41,461</u>	<u>41,404</u>
<b>Current assets</b>			
Trade and other receivables	13	3,215	1,616
Investments	14	776	1,402
Cash and cash equivalents		4,420	4,335
		<u>8,411</u>	<u>7,353</u>
<b>Less: Creditors - amounts falling due within one year</b>	15	(2,480)	(2,550)
<b>Net current assets</b>		<u>5,931</u>	<u>4,803</u>
<b>Total assets less current liabilities</b>		<u>47,392</u>	<u>46,207</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(17,685)	(16,007)
<b>Provisions</b>			
Pension provisions	23	-	-
Other provisions	18	(224)	(234)
<b>Total net assets</b>		<u>29,482</u>	<u>27,966</u>
<b>Restricted reserves</b>			
Endowment reserve	19	2,491	2,179
Other restricted reserve	20	634	650
		<u>3,125</u>	<u>2,779</u>
<b>Unrestricted reserves</b>			
General reserve		24,563	23,946
Pension reserve		-	-
Revaluation reserve		1,756	1,233
		<u>26,474</u>	<u>27,959</u>
Share capital	21	8	8
<b>Total reserves</b>		<u>26,482</u>	<u>27,966</u>

The financial statements on pages 35 to 51 were approved and authorised for issue by the Board of Governors on 25 October 2024 and were signed on its behalf on that date by:



Professor Jeffrey Sharkey  
Designated Officer



Alan Smith  
Director of Finance and Estates



Professor Dorothy Miell  
Chair

## Statement of cash flows for the year ended 31 July 2024

	Note	2024 £'000	2023 £'000
<b>Cash flow from operating activities</b>			
Surplus/(Deficit) for the year		2,280	(715)
<b>Adjustment for non-cash items</b>			
Depreciation	11	938	938
(Gain)/Loss on investments		(371)	803
(Increase) in debtors	13	(1,598)	(352)
(Decrease) in creditors	15 / 16 / 17	(391)	(591)
(Decrease) in other provisions	18	(10)	(79)
Pension costs less contributions payable	23	(784)	199
<b>Adjustment for investing or financing activities</b>			
Investment income	6	(390)	(424)
Loss on the sale of fixed assets		7	3
Endowment income		(216)	(30)
<b>Net cash inflow from operating activities</b>		<b>(516)</b>	<b>(547)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets/investments		5,912	-
Short term investments	14	826	(10)
Investment income	6	380	424
Endowment funds invested	12	(1,591)	(246)
Funds invested	12	(4,467)	(146)
Payments to acquire fixed assets	11	(484)	(704)
		<b>366</b>	<b>(684)</b>
<b>Cash flows from financing activities</b>			
Endowment cash received		216	30
<b>Increase/(Decrease) in cash and cash equivalents in the year</b>		<b>85</b>	<b>(1,201)</b>
Cash and cash equivalents at beginning of the year		4,335	5,536
Cash and cash equivalents at end of the year		4,420	4,335

## Analysis of changes in net debt

	At 1 August 2023 £'000	Cash flows £'000	Other non cash charges £'000	At 31 July 2024 £'000
<b>Cash and cash equivalents</b>				
Cash	4,335	85	-	4,420
Overdrafts	-	-	-	-
Cash equivalents	-	-	-	-
	<b>4,335</b>	<b>85</b>	<b>-</b>	<b>4,420</b>
<b>Borrowings</b>				
Debt due within one year	(66)	-	-	(66)
Debt due after one year	(1,154)	66	-	(1,088)
	<b>(1,220)</b>	<b>66</b>	<b>-</b>	<b>(1,154)</b>
<b>Total</b>	<b>3,115</b>	<b>151</b>	<b>-</b>	<b>3,266</b>

## Notes to the Financial Statements

## 1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

## A Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The RCS is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention, modified to include the investments at fair value and the revaluation of certain musical instruments. The presentational and functional currency of the RCS is sterling (£).

## 1. Going Concern

These financial statements have been prepared on a going concern basis. The Governors have assessed the RCS's ability to continue as a going concern, as outlined more fully in the Report of the Governors and have reasonable expectation that the RCS has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

## B Tangible Fixed Assets

## 1. Land and Buildings

The RCS's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings are stated in the Statement of Financial Position at cost. The main RCS heritage buildings are depreciated over their expected useful economic life to the institution of 100 years. The Wallace Studios which is built on leasehold land is depreciated over its remaining useful life of 90 years. Material building improvements completed in 2017 are depreciated over their expected useful economic life of 25 years.

Where land and buildings are acquired with the aid of specific grants or donations they are capitalised and depreciated as above. Where the related grants come from government bodies, there are credited to deferred income and are released to the Statement of Comprehensive Income over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Where the related grants or donations come from other sources, these are recognised in the Statement of Comprehensive Income in the period in which they are receivable.

No depreciation is charged on land or assets in the course of construction.

## 2. Equipment

Equipment costing less than £10,000 for a group of related items is written off to the Statement of comprehensive income in the year of acquisition. All other equipment is normally capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

Furniture, Fittings, Fixtures and Equipment	20% per annum
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## 3. Musical Instruments

Musical instruments costing less than £2,000 are written off to the comprehensive income and expenditure account in the year of acquisition. All other musical instruments, with the exception of certain stringed instruments and pianos, are normally capitalised at cost.

Stringed instruments with a value of £2,000 and above were revalued as at July 2019 as assessed by Mr David Rattray, an external professional valuation expert. These stringed instruments were originally brought onto the Statement of Financial Position at valuation, there is therefore no historical cost associated with these assets. A revaluation will be carried out again in 2025.

The John Webb Brass instrument collection was revalued by Dr Graham Wells in 2020, an external professional valuation expert. These brass instruments were originally brought onto the Statement of Financial Position at valuation, there is therefore no historical cost associated with these assets. A revaluation will be carried out again in 2025.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Capitalised musical instruments are depreciated over their useful economic life as follows:

Stringed instruments	1% per annum
Other musical instruments	10% per annum

It is not possible to disclose the historical cost and depreciation for the stringed or brass instruments as this relates to donated items, which do not have a cost attached to them.

## C Investments

Listed investments held as fixed assets are held at fair value with movements recognised in the Surplus or Deficit for the year.

## D Cash and cash equivalents

Cash includes cash at hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

## Notes to the Financial Statements (continued)

## 1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

## E Provisions

Provisions are recognised when the institution has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## F Recognition of Income

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the RCS recognises the related costs for which the grant is intended to compensate. Government capital grants are recognised in income over the expected useful life of the asset. 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.

Revenue and capital grants (including research grants) from non government sources are recognised in income when the RCS 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 Statement of Financial Position and released to income as the conditions are met. Deferred income will be allocated between creditors due within one year and due after more than one year, as appropriate.

Tuition fee and education contract income is recognised in the year to which it relates. Income from investments, including tax credits, is recognised on a receivable basis.

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

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

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

There are three 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. Restricted expendable endowments - the donor has specified a particular objective and the RCS has the power to use the capital.
3. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

## G Maintenance of Premises

The RCS has a rolling long-term maintenance plan, which forms the basis of the on-going maintenance of the estate. The cost of long-term and routine corrective maintenance is charged to the comprehensive income and expenditure account as incurred.

## 1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

## H Pension Costs

The RCS participates in three pension schemes two of which provide benefits based on final pensionable pay, the Strathclyde Pension Fund and Scottish Teachers Pension Scheme. Both of these schemes are available to staff of more than one employer, are contracted out of the State Earnings-Related Pension Scheme, and the assets of the schemes are held separately from those of the RCS. The Funds are valued by actuaries, the rates of contributions being determined by the trustees on the advice of the actuaries. The schemes are accounted for under Financial Reporting Standard 102. The third pension scheme is a defined contribution scheme; The Universities and Colleges Retirement Savings Scheme (UCRSS). This scheme is available to all staff.

*Strathclyde Pension Fund*

The scheme is a defined benefit scheme.

Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as at the financial year end. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

A pension scheme surplus is not recognised as it is deemed not recoverable, however a deficit is recognised in full. The movement in the scheme surplus/deficit is taken to the comprehensive income and expenditure account. The actuarial gains and losses are shown in the statement of comprehensive income and expenditure.

*Scottish Teachers' Pension Scheme*

The RCS also participates in the Scottish Teachers' Pension Scheme. The scheme is available to staff of more than one employer and it is not possible to identify each participating institution's share of the underlying assets and liabilities on a consistent and reasonable basis. Accordingly, the RCS has utilised the provisions of FRS 102 whereby the contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the RCS's statement of comprehensive income and expenditure is equal to the contribution payable to the scheme for the relevant accounting period.

The RCS also provides enhanced pensions to former employees who accepted early retirement and provision is made on an actuarial basis for the liability to those former employees at the time of their retirement.

## I Taxation Status

The RCS is a charity within the meaning of the Charities and Trustee Investment (Scotland) Act 2005 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010 and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (Charity No. SC015855). Accordingly the RCS is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) 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.

## J Operating Leases

Operating leases rentals are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

## K Concessionary Loans

Concessionary loans are recognised at the monetary value received, are interest free and are made wholly to advance the charitable purposes of the RCS.



**Notes to the Financial Statements (continued)**

## 1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

## L Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the RCS, are held as a permanently restricted fund which the RCS must hold in perpetuity.

Other restricted reserves include balances where the donor has included a specific purpose and therefore the RCS is restricted in use of these funds.

## M Financial Instruments

Financial assets and financial liabilities are recognised when RCS becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of RCS after deducting all of its liabilities.

*(i) Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

## N Accounting Estimates and Judgements

The RCS prepares its financial statements in accordance with FRS 102 as issued by the UK Financial Reporting Council, the application of which often requires judgements to be made when formulating the financial position and results. Under FRS 102, the Governors are required to adopt those accounting policies most appropriate to the circumstances for the purpose of presenting fairly the RCS's financial position, financial performance and cash flows. In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the RCS; it may later be determined that a different choice would have been more appropriate. Management considers that certain accounting estimates and assumptions relating to the pension costs and Fixed Assets are its critical accounting estimates.

A discussion of these critical accounting estimates is provided below.

Management has discussed its critical accounting estimates and associated disclosures with its external auditors, its Finance and General Purposes Committee and its Audit and Risk Committee.

Fixed Assets

Land and Buildings at the Wallace Studios are presently depreciated over the duration of the remainder of the leasehold which is 90 years. Material building improvements at Renfrew Street are presently depreciated over their useful life of 25 years.

Pension costs

In relation to the cost associated with membership of the Strathclyde Pension Fund the RCS makes estimates in relation to the assumptions which the scheme actuary applies to the annual valuation of the assets, liabilities and charges and which can have a material bearing on the figures.

## Notes to the Financial Statements (continued)

## 2 FUNDING BODY GRANTS

	2024 £'000	2023 £'000
SFC		
Recurrent grant for teaching	13,529	12,869
Research excellence grant	309	298
Research postgraduate grant	85	77
<i>Specific initiative grants:</i>		
Disabled student premium	54	54
University innovation fund	433	370
<i>Deferred capital grants released in year:</i>		
Buildings	253	253
Equipment	2	2
	<u>14,665</u>	<u>13,923</u>

## 3 TUITION FEES AND EDUCATION CONTRACTS

	2024 £'000	2023 £'000
Scotland home domicile fees	629	607
EU domicile fees	431	425
RUK domicile fees	1,943	2,126
Non-EU domicile fees	4,659	4,387
Non-credit bearing course fees *	3,167	2,761
Education contracts	1,182	1,115
Other (registration and resit fees)	250	236
Total	<u>12,281</u>	<u>11,657</u>

\* relates to Short Courses and Junior Conservatoire programmes

## 4 RESEARCH GRANTS AND CONTRACTS

	2024 £'000	2023 £'000
Miscellaneous research grants and contracts	<u>104</u>	<u>156</u>

## 5 OTHER INCOME

	2024 £'000	2023 £'000
Income from front of house	351	259
Sundry income	534	215
European funded projects	5	116
RCS agency	43	46
QAA income	4	6
Widening access to the creative industries grant	63	63
	<u>1,000</u>	<u>705</u>

## 6 INVESTMENT INCOME

	2024 £'000	2023 £'000
Investment income on endowments	63	75
Other investment income	181	273
Bank interest	146	76
	<u>390</u>	<u>424</u>

## 7 DONATIONS AND ENDOWMENTS

	2024 £'000	2023 £'000
Unrestricted donations*	1,914	191
Restricted donations	350	594
	<u>2,264</u>	<u>785</u>

\* Unrestricted donations include a donation from the RCS Endowment Trust of £1.57M.

Restricted donations in the year were received from: [REDACTED] (£124K), Nick Kuenssberg estate (£100K), RCS Infrastructure Trust (£66K), William Grant Foundation (£50K) and Julian Bream Trust (£10K).

## Notes to the Financial Statements (continued)

## 8 STAFF COSTS

The average number of staff employed during the year (expressed as headcount) was 858 (2023: 827).

	2024 £'000	2023 £'000
Staff costs for the above persons:		
Wages and salaries	17,031	15,810
Social security costs	1,520	1,414
Pension contributions paid	2,744	2,735
Pension net service cost	Note 23 67	515
Other staff costs	152	135
	<u>21,514</u>	<u>20,609</u>
Senior management	1,124	1,134
Teaching staff	12,542	12,024
Teaching support	1,238	1,288
Research grants and contracts	661	673
Other support services	1,324	1,248
Administration and central services	2,992	2,697
Premises	1,590	1,499
Other income generating activities	43	46
	<u>21,514</u>	<u>20,609</u>
Governors' salaries (included therein)		
Salaries (staff members)	409	385
Pension contributions	92	85
	<u>501</u>	<u>470</u>

The number of Governors accruing benefits under pension schemes during the year was 6 (2023: 6). Governors' salaries exclude FRS 102 pension adjustments.

## Key management personnel

Key management personnel are the senior management team who have authority for planning, directing and controlling the activities of the RCS. Key management personnel comprise: the Principal; Deputy Principal; Director of Finance and Estates; Director of Human Resources; Director of Music; Director of Drama, Dance, Production and Film; Director of External Relations; Director of Business Development; Director of Research and Knowledge Exchange; and the Academic Registrar/Board Secretary. Staff costs including compensation paid to key management personnel as follows:

	2024 £'000	2023 £'000
Total (including salaries, social security costs and other benefits)	<u>1,124</u>	<u>1,134</u>

The Chair was entitled to remuneration but waived that entitlement for 2023-24. Other non-staff Governors received no remuneration. The Principal, who is also the highest paid Governor, received emoluments of:

	2024 £'000	2023 £'000
Principal		
Salary	160	154
Pension contributions	38	35
Benefits in kind*	7	7
	<u>205</u>	<u>196</u>
Accrued pension as at 31 July	26	22
Accrued lump sum as at 31 July	79	66

\* Benefits in kind relate to private medical insurance

The ratio of the remuneration of the Principal to the median salary of a RCS staff member is 3.19 (2023: 3.19). The ratio including salary, benefits in kind and pension is 3.41 (2023: 3.29).

The number of Governors receiving emoluments (excluding pension contributions) falls into the following ranges:

	2024 Number	2023 Number
£100,000 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	-
£150,001 - £160,000	-	-
£160,001 - £170,000	1	1

There were no other Senior Managers receiving remuneration (excluding pension contributions) above £100,000, who are not Governors.

## Notes to the Financial Statements (continued)

## 9 TRAVEL AND SUBSISTENCE

		2024 £'000	2023 £'000
Travel and subsistence	- Board members	5	9
Hospitality	- Board members	7	10
		<u>12</u>	<u>19</u>

The total expenses paid to or on behalf of Board members was £5K (2023 - £9K). This represents travel and subsistence expenses and hospitality costs incurred in attending Board, Committee meetings and other events in their official capacity.

## 10 OTHER OPERATING EXPENSES

	2024 £'000	2023 £'000
Teaching departments	1,706	1,917
Contracted-out lecturing services	244	181
Teaching support services	380	451
Other support services	926	736
Administration and central services	871	729
General education	285	228
Premises costs	1,245	1,050
Repairs, renewals and maintenance	323	319
Student residences	102	-
Other income generating activities	506	461
Agency staffing costs	59	188
Pension fund net interest	(831)	(316)
Other expenses	500	368
	<u>6,316</u>	<u>6,212</u>

## Other operating expenses include:

	2024 £'000	2023 £'000	
Auditors' remuneration			
	External Audit	22	25
	FFELP Contract	3	3
	Non-audit services	3	5
	Internal audit	22	19
Operating lease rentals	Other than Land and Buildings	493	490

## 11 TANGIBLE FIXED ASSETS

	Assets Under Construction £'000	Freehold Buildings £'000	Leasehold Buildings £'000	Furn/Fixt/ Fittings/ Equipment £'000	Other Stringed Instruments £'000	Musical Instruments £'000	Total £'000
<i>Cost or valuation</i>							
At 1 August 2023	-	30,281	11,837	8,103	959	900	50,080
Additions	30	-	-	305	149	-	484
Disposals	-	-	-	(504)	(8)	-	(512)
Transfers	47	-	-	(47)	-	-	-
Revaluations	-	-	-	-	-	-	-
At 31 July 2024	<u>77</u>	<u>30,281</u>	<u>11,837</u>	<u>5,857</u>	<u>1,100</u>	<u>900</u>	<u>50,052</u>
<i>Aggregate Depreciation</i>							
At 1 August 2023	-	9,222	1,997	5,065	55	364	16,703
Depreciation charge	-	362	132	362	10	72	938
Disposals	-	-	-	(501)	(1)	-	(502)
Revaluations	-	-	-	-	-	-	-
At 31 July 2024	<u>-</u>	<u>9,584</u>	<u>2,129</u>	<u>4,926</u>	<u>64</u>	<u>436</u>	<u>17,139</u>
<i>Net Book Value</i>							
NBV at 1 August 2023	<u>-</u>	<u>21,059</u>	<u>9,840</u>	<u>1,038</u>	<u>904</u>	<u>536</u>	<u>33,377</u>
NBV at 31 July 2024	<u>77</u>	<u>20,697</u>	<u>9,708</u>	<u>931</u>	<u>1,036</u>	<u>464</u>	<u>32,913</u>

The RCS building on Renfrew Street may not be sold without the prior approval of the First Minister of the Scottish Government, to whom the RCS is accountable for the proceeds of the sale.

The Alexander Gibson Opera School may not be sold without the written permission of Creative Scotland. In the event of a sale or disposal, Creative Scotland's share of the proceeds shall be in direct proportion to the share of the project costs originally met from the Lottery.

Assets under construction relates to the installation of solar panels to the Wallace Studios campus buildings and is partially funded by an external grant.

## Notes to the Financial Statements (continued)

## 12 INVESTMENTS

	Richard Rose Fund 2024 £'000	Pibroch Network Fund 2024 £'000	General Fund 2024 £'000	Prize Fund 2024 £'000	Piano Fund 2024 £'000	Total 2024 £'000	Total 2023 £'000
Market value at 1 August	48	192	6,157	833	797	8,027	8,236
Additions	243	125	4,467	671	552	6,058	394
Disposals	(166)	(146)	(4,679)	(651)	(606)	(6,248)	-
Increase in market value*	6	17	540	76	72	711	(603)
Market value at 31 July	<u>131</u>	<u>188</u>	<u>6,485</u>	<u>929</u>	<u>815</u>	<u>8,548</u>	<u>8,027</u>
Listed investments				2024 Market Value £'000	2024 Cost £'000	2023 Market Value £'000	2023 Cost £'000
Fixed interest stocks				1,271	1,309	2,186	2,528
Equities				7,277	6,440	5,841	5,478
				<u>8,548</u>	<u>7,749</u>	<u>8,027</u>	<u>8,006</u>

\* The increase in market value is net of realised losses on investments of £340,000 were incurred when the portfolios were re-balanced by the incoming investment manager.

## 13 TRADE AND OTHER RECEIVABLES

	2024 £'000	2023 £'000
Amounts falling due within one year:		
Trade receivables	158	164
Receivables due from students - net of provision for doubtful debts	187	328
Other receivables	518	199
Prepayments and accrued income*	2,352	925
	<u>3,215</u>	<u>1,616</u>

\* Includes £1.57M due from the RCS Endowment Trust.

## 14 CURRENT INVESTMENTS

	2024 £'000	2023 £'000
Short term deposits	776	1,402
	<u>776</u>	<u>1,402</u>

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

At 31 July 2024 the weighted average interest of these fixed rate deposits was 3.31% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 1 month. The fair value of these deposits was not materially different from the book value.

## 15 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 £'000	2023 £'000
Trade payables	254	316
Other creditors	258	315
Accruals and deferred income	1,902	1,853
Loans	66	66
	<u>2,480</u>	<u>2,550</u>

## DEFERRED INCOME

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

	2024 £'000	2023 £'000
Donations	-	18
Grant income	255	255
	<u>255</u>	<u>273</u>

## Notes to the Financial Statements (continued)

## 16 CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2024 £'000	2023 £'000
Deferred grant income	16,598	16,853
Loans	1,088	1,154
	<u>17,686</u>	<u>18,007</u>

## 17 PUBLIC BENEFIT ENTITY CONCESSIONARY LOANS

	2024 £'000	2023 £'000
Amounts repayable within one year	66	66
Amounts repayable between one and two years	66	66
Amounts repayable between three and five years	132	132
Amounts repayable in five years or more	890	955
Amounts repayable after more than one year	<u>1,088</u>	<u>1,154</u>
Total public benefit entity concessionary loans	<u>1,154</u>	<u>1,220</u>

Lender	Amount	Term	Interest rate %	Borrower
RCS Infrastructure Trust	£1,885,000	2042	Nil	RCS

## 18 PROVISIONS FOR LIABILITIES AND CHARGES

	Pensions £'000
Balance at 1 August 2023	234
Increase in provision	26
Paid/released	(36)
Balance at 31 July 2024	<u>224</u>

The RCS provides enhanced pensions to former employees who accepted early retirement and provision is made on an actuarial basis for the liability to those former employees at the time of their retirement. A valuation of the existing pension provision was carried out at 31 July 2024 by Hymans Robertson, an independent firm of actuaries.

## 19 ENDOWMENT FUNDS - PERMANENT

	Pibroch Network Capital £'000	Prize Fund Capital £'000	Prize Fund Income £'000	Piano Fund Capital £'000	2024 Total £'000	2023 Total £'000
Balance at 1 August 2023						
Capital	196	787	-	801	1,784	1,888
Accumulated income	-	-	265	-	265	247
	<u>196</u>	<u>787</u>	<u>265</u>	<u>801</u>	<u>2,049</u>	<u>2,135</u>
<i>Income</i>						
Funds introduced	-	64	28	-	92	30
Investment income	6	-	28	20	52	72
Increase/(decrease) in value of investments	16	76	-	72	164	(130)
	<u>218</u>	<u>927</u>	<u>319</u>	<u>893</u>	<u>2,357</u>	<u>2,107</u>
<i>Expenditure</i>						
Prizes	-	-	(42)	-	(42)	(20)
Transfer to unrestricted reserves to meet expenditure incurred	-	-	-	(19)	(19)	(30)
Management fees	-	-	(1)	(1)	(2)	(8)
Balance at 31 July 2024	<u>218</u>	<u>927</u>	<u>276</u>	<u>873</u>	<u>2,294</u>	<u>2,049</u>
Represented by:						
Capital	218	927	-	873	2,018	1,784
Accumulated income	-	-	276	-	276	265
	<u>218</u>	<u>927</u>	<u>276</u>	<u>873</u>	<u>2,294</u>	<u>2,049</u>
Analysis by asset						
Current and non-current asset investments	<u>218</u>	<u>927</u>	<u>276</u>	<u>873</u>	<u>2,294</u>	<u>2,049</u>
	<u>218</u>	<u>927</u>	<u>276</u>	<u>873</u>	<u>2,294</u>	<u>2,049</u>

A donation from Louis Sterne Trust to support the impact and interdisciplinarity of the Pibroch Network.

Prize Funds are held in trust and are used to make prizes to students at the RCS.

The Piano Fund consists of capital gifts, the income from which contributes towards the leasing costs of the RCS's fleet of pianos.

## Notes to the Financial Statements (continued)

## 19 ENDOWMENT FUNDS - EXPENDABLE

	2024	2024	2023
	Fund	Total	Total
	£'000	£'000	£'000
Balance at 1 August 2023	130	130	88
Accumulated income	130	130	88
<i>Income</i>			
Funds/capital introduced	124	124	100
Investment income	2	2	-
Increase in value of investments	5	5	-
	261	261	188
<i>Expenditure</i>			
Transfer to unrestricted reserves to meet expenditure incurred	(64)	(64)	(58)
Balance at 31 July 2024	197	197	130
<i>Represented by:</i>			
Capital	131	131	48
Accumulated income	66	66	82
	197	197	130
<i>Analysis by asset:</i>			
Non-current asset investments	131	131	48
Cash and cash equivalents	66	66	82
	197	197	130

The ~~income~~ is to maintain and/or enhance activities within the Departments of Opera, Ballet, Traditional Song and Jazz.

## 20 RESTRICTED FUNDS

	Other	Vocal Studies	RCS Infrastructure Trust	The Robertson Trust	2024 Total	2023 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2023	27	403	-	170	600	226
<i>Income</i>						
Funds/capital introduced	160	-	66	-	226	469
<i>Expenditure</i>						
Release of restricted funds spent in the year	(17)	(100)	(66)	(9)	(192)	(95)
Total restricted comprehensive income for the year	143	(100)	-	(9)	34	374
Balance at 31 July 2024	170	303	-	161	634	600

Other includes a legacy from the Nick Kuenssberg estate, The Bruce Millar Memorial Trust providing financial assistance to emerging creative artists, The William Grant Foundation for digital development and work with care experienced young people, John Mather Foundation for the purchase of equipment and support of a number of productions and The Julian Bream Trust to support students in their respective endeavours at the start of their artistic careers.

The Vocal Studies Fund represents a legacy receipt in support of vocal studies activities.

The donation from the RCS Infrastructure Trust was used in support of a capital development.

The Robertson Trust funds represent a donation which was used in support of a capital development.

## 21 SHARE CAPITAL

	2024	2023
	£	£
<u>Authorised:</u>		
15,000 Ordinary Shares of £1 each	15,000	15,000
<u>Allotted, issued and Fully Paid:</u>		
7,284 Ordinary Shares of £1 each	7,284	7,284
<u>Allotted and Issued</u>		
300 Ordinary Shares of £1 each	300	300
	7,584	7,584

## Notes to the Financial Statements (continued)

## 22 LEASE OBLIGATIONS

				2024	2023
	The Whisky Bond (Archive)	Student Accommodation	Musical Instruments	Total	Total
	£'000	£'000	£'000	£'000	£'000
Future minimum lease payments due:					
Not later than 1 year	7	2,430	464	2,901	2,900
Later than 1 year and not later than 5 years	-	9,967	565	10,532	10,562
Later than 5 years and not later than 10 years	-	2,767	-	2,767	5,013
Total lease payments due	<u>7</u>	<u>15,164</u>	<u>1,029</u>	<u>16,200</u>	<u>18,476</u>

## Student accommodation

The Royal Conservatoire of Scotland has a lease arrangement with BASE Glasgow OpCo Ltd and acts as an administrator in relation to student accommodation rental income in a private build student accommodation facility at McPhater St, Glasgow and underwrites any shortfall in the annual rent. Total rental income from students for the year was £2,304K and total rent due was £2,406K leaving a balance due to BASE Glasgow Ltd of £102K. The lease is for a period of 20 years commencing on 14 September 2020 with a break option exercisable by RCS after 10 years.

	2024	2023
	£'000	£'000
Rental Income	2,304	1,216
Rental costs	(2,406)	(1,216)
Net costs	<u>(102)</u>	<u>-</u>

## 23 PENSION COMMITMENTS

The RCS's employees belong to three principal pension schemes; the Scottish Teachers' Pension Scheme (STPS), Local Government Pension Scheme administered by the Strathclyde Pension Fund (SPF) which are of the defined benefit type, and a defined contribution scheme - The Universities and Colleges Retirement Savings Scheme (UCRSS).

The RCS also makes pension payments to former employees who have taken early retirement.

The total pension cost for the year was :

	2024	2023
	£'000	£'000
Contributions to STPS	1,730	1,614
Contributions to SPF	1,058	1,685
Contributions to UCRSS	-	1
Increase/(decrease) in pension provision	<u>2,788</u>	<u>3,300</u>
	<u>26</u>	<u>(42)</u>
	<u>2,814</u>	<u>3,258</u>

The actual cost of contributions paid by the RCS during the year to the SPF was £985K.

There were no outstanding contributions payable at 31 July 2024.

**Scottish Teachers' Pension Scheme**

The RCS participates in the Scottish Teachers' Pension Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2020. This valuation informed an increase in the employer contribution rate from 23% to 26% of pensionable pay from April 2024 and an anticipated yield of 9.6% employers contributions.

The RCS has no liability for other employers obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme. The scheme is an unfunded multi-employer defined benefit scheme.

It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the RCS is unable to identify its share of the underlying assets and liabilities of the scheme.

The RCS's level of participation in the scheme is 0.2% based on the proportion of employer contributions paid in 2022-23.



## Notes to the Financial Statements (continued)

## 23 PENSION COMMITMENTS (continued)

## Strathclyde Pension Fund

The Strathclyde Pension Fund provides benefits on final pensionable salary for employees of local government and some other institutions.

The fund is valued every three years by a professionally qualified independent actuary using the projected unit method, with the most recent comprehensive valuation being prepared as at 31 March 2023. The rates of contribution payable are determined by the SPF Board on the advice of the actuaries. In the intervening years the actuaries review the progress of the scheme and prepare an interim valuation for the purposes of reporting under FRS 102 as at the end of July. The employer contribution rate for the period from 1 August 2023 to 31 March 2024 was 19.3% of pay, and from 1 April 2024 to 31 July 2024 was 6.5% of pay. The employee contribution rate for the period from 1 August 2023 to 31 July 2024 was a variable rate dependent on the level of salary ranging from 5.5% to 12%.

Principal actuarial assumptions at the Statement of Financial Position date:

## Investment Returns

	2024	2023
	%	%
Total Returns from 1 August 2023 to 31 July 2024	9.00	1.50

## Financial assumptions

	2024	2023
	%	%
Future Pension increases	2.75	2.95
Future Salary increases	3.45	3.75
Discount rate	5.00	5.00

The RCS expects to contribute £427K to its defined benefit pension plans in 2024/25.

## Mortality assumptions

The remaining life expectancies used to determine benefit obligations are as follows:

	Male	Female
Current pensioners	20.0 years	22.9 years
Future pensioners	20.4 years	24.5 years

The major categories of plan assets as a percentage of stated plan assets are as follows:

	2024	2023
	%	%
Equities	62	61
Bonds	25	27
Property	9	10
Cash	4	2

The fair value of the plan assets and the return on those assets were as follows:

## Changes in the fair value of plan assets, defined benefit obligation and net liability

	Assets	Obligations	2024 Net (Liability)/ Asset	2023 Net (Liability)/ Asset
	£'000	£'000	£'000	£'000
Fair value of employer assets	43,541	-	43,541	41,953
Present value of funded liabilities	-	26,925	(26,925)	(32,664)
<b>Opening Position as at 31 July 2023</b>	<b>43,541</b>	<b>26,925</b>	<b>16,616</b>	<b>9,289</b>
Service Cost				
Current Service Cost	-	1,052	(1,052)	(1,685)
Past service Cost	-	-	-	-
<b>Total Service Cost</b>	<b>-</b>	<b>1,052</b>	<b>(1,052)</b>	<b>(1,685)</b>
Net Interest				
Interest income on plan assets	2,197	-	2,197	1,484
Interest Cost on defined benefit obligation	-	1,366	(1,366)	(1,168)
<b>Total Net Interest</b>	<b>2,197</b>	<b>1,366</b>	<b>831</b>	<b>316</b>
<b>Total defined benefit cost recognised in income and expenditure</b>	<b>2,197</b>	<b>2,418</b>	<b>(221)</b>	<b>(1,369)</b>
Cashflows				
Plan participants contributions	409	409	-	-
Employer contributions	985	-	985	1,170
Benefits paid	(781)	(781)	-	-
<b>Expected closing position</b>	<b>46,351</b>	<b>28,971</b>	<b>17,380</b>	<b>9,090</b>
Re-measurements				
Changes in demographic assumptions	-	(1,314)	1,314	437
Changes in financial assumptions	-	(859)	859	9,813
Other experience	546	2,940	(2,394)	(1,883)
Return on assets excluding amounts included in net interest	1,764	-	1,764	(841)
<b>Total re-measurements recognised in other comprehensive income</b>	<b>2,310</b>	<b>767</b>	<b>1,643</b>	<b>7,526</b>
Fair value of plan assets	48,661	-	48,661	43,541
Present value of funded liabilities	-	29,738	(29,738)	(26,925)
<b>Closing position as at 31 July 2024</b>	<b>48,661</b>	<b>29,738</b>	<b>18,923</b>	<b>16,616</b>

\* The defined benefit asset has been restricted to Enil in the Statement of Financial Position as the Conservatoire does not have the rights to a refund or to reduce its payments into the pension scheme

## Notes to the Financial Statements (continued)

## 23 PENSION COMMITMENTS (continued)

**The Universities and Colleges Retirement Savings Scheme**

The Universities and Colleges Retirement Savings Scheme provides a defined contribution pension scheme which is open to all employees. The minimum pension contributions for both employer and employee is 5%. The employer will match an employees contribution up to 5%. There is no cap to the level of employee contributions into the scheme.

## 24 CAPITAL COMMITMENTS

	2024	2023
	£'000	£'000
Commitments authorised but not yet contracted at 31 July	<u>382</u>	<u>483</u>

The above relates to the installation of solar panels to the Wallace Studios campus buildings partially funded by an external grant and a set of timpani.

## 25 CONTINGENT LIABILITIES

The Royal Conservatoire of Scotland is in the process of seeking clarification around the classification of pensionable pay. At this stage it is not possible to quantify the potential liability, nor is there certainty that it would fall due.

## 26 RELATED PARTY TRANSACTIONS

Due to the nature of the RCS's operations and the composition of the Board of Governors (being drawn from public and private sector organisations in Scotland) it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the RCS's financial regulations and normal procurement procedures.

The Board member and the significant related party transactions with their associated organisations during the year to 31 July 2024 are detailed below:

Member	Organisation	Relationship	Grant Received	Sales to related party	Purchases from related party	Amounts owed from related party	Amounts owed to related party
David Hare	Royal Society of Edinburgh	Committee Member	£ -	£ 459	£ -	£ -	£ -
Philip Rodney	Dunedin Consort	Board Member	£ -	£ 1,604	£ 720	£ -	£ -
Dorothy Miell	University of Edinburgh	Professor Emerita	£ -	£ 300	£ 800	£ -	£ -
Dorothy Miell	Scottish Opera	Trustee	£ -	£ -	£ 2,463	£ -	£ -
Jeffrey Sharkey	ABRSM	Board Member	£ -	£ 222,616	£ 10,772	£ -	£ 8,046
Jeffrey Sharkey	Cumnock Tryst	Board Member	£ -	£ 2,205	£ -	£ -	£ -
Jeffrey Sharkey	Conservatoires UK	Governor	£ -	£ -	£ 11,971	£ -	£ -
Lois Fitch	Sistema Scotland	Board Member	£ -	£ 2,324	£ 1,500	£ -	£ -
Lois Fitch	Music Education Partnership Group	Board Member	£ -	£ 7,453	£ -	£ -	£ -
Keri Fairbrother	Harrison Parrott Foundation	Trustee	£ -	£ -	£ 7,578	£ -	£ -
Ken Fairbrother	National Youth Orchestras of Scotland	Trustee	£ -	£ 600	£ -	£ -	£ -
Jean Sangster	Donald Dewar Arts Awards	Trustee	£ -	£ 480	£ -	£ -	£ -

## 27 DISCRETIONARY AND CHILDCARE FUNDS

	Childcare £	Discretionary £	Student Emergency Fund £	Total £
Balance unspent at 1 August 2023	(5,243)	4,739	9,203	8,699
Repaid during the year	5,243	(4,739)	(9,203)	(8,699)
Allocation received in year	5,331	26,850	692	32,873
Expenditure	(3,948)	(23,132)	-	(27,080)
Balance unspent at 31 July 2024	<u>1,383</u>	<u>3,718</u>	<u>692</u>	<u>5,793</u>
Repayable as claw back	1,383	3,718	692	5,793

Grants for discretionary and childcare funds are available solely for students: the RCS acts only as paying agent. The grants and related disbursements are therefore excluded from the comprehensive income and expenditure account.

In satisfaction of its obligations to facilitate students' access to US federal financial aid, RCS is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format. The amounts presented within the schedules have been: • prepared under the historical cost convention, subject to the revaluation of certain fixed assets; • prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition); • presented in pounds sterling. The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America. The aim of the schedules is to support RCS in meeting the requirements of the US Department of Education's Federal Loan scheme, and not the requirements of the SORP; the schedule does not form part of the SORP.

**Primary Reserve Ratio:**

Page	Note	Financial Statement reference		2024 £'000	2023 £'000
			Expendable Net Assets		
			Net Assets without donor restrictions:	26,357	25,187
35	No note	Statement of financial position			
		Endowment funds - Permanent and endowment funds - expendable	Net Assets with donor restrictions:	3,125	2,779
45+46	19+20				
		Endowment funds - Permanent and endowment funds - expendable	Term Endowments with donor restrictions:	2,491	2,179
45+46	19+20				
46	20	Restricted funds	Net Assets with donor restrictions: restricted in perpetuity:	-	-
			Net Assets with donor restrictions: Other for purpose or time:	634	600
			Property, plant and equipment, net (includes Construction in progress and Capital leases):	32,913	33,377
43	11	Tangible Fixed Assets	Property, plant and equipment - pre-implementation (includes Capital Leases):	32,429	32,673
			Property, plant and equipment- post-implementation without outstanding debt for original purchase:	484	704
43	11	Tangible Fixed Assets			
47	23	Pension Commitments	Post-employment and pension liabilities:	-	-
44	17	Public Benefit Entity Concessionary Loans	Long-term debt - for long term purposes:	1,154	1,220
			Long-term debt - for long term purposes pre-implementation:	1,154	1,220
44	17	Public Benefit Entity Concessionary Loans	Long-term debt - for long term purposes post-implementation:	-	-
		See below	Total Expenses and Losses:		
			Total Expenses and Losses without donor restrictions:	29,539	27,563
		Statement of Comprehensive Income -Total Expenditure	Total Expenses without donor restrictions - taken directly from Statement of Activities:	28,768	27,759
33	No note				
47	23	Pension Commitments	Other components of net periodic pension costs:	764	(199)
		Statement of Comprehensive Income -Loss on disposal of fixed assets	Other Losses:	7	3
33	No note				

**Equity Ratio:**

			Modified Net Assets:		
		Statement of Financial Position - Total reserves less restricted reserves noted below	*Net Assets without donor restrictions:	26,357	25,187
35	No note				
		Statement of Financial Position - restricted reserves	*Net Assets with donor restrictions:	3,125	2,779
35	No note		Modified Assets:		
		Statement of Financial Position -non current assets + current assets	Total Assets:	49,872	48,757
35	No note				

**Net Income Ratio:**

			Change in Net Assets Without Donor Restrictions:		
		Statement of Financial Position - Total net assets less restricted reserves 2024 vs 2023	Change in Net Assets Without Donor Restrictions:	1,170	(846)
35	No note		Total Revenues and Gains:		
		Statement of Comprehensive Income - Total Income less restricted comprehensive income for the year+gains on realised and unrealised investments	Total Revenues and Gains without donor restrictions:	31,050	26,673
33	No note				
		Statement of Comprehensive Income - Total income	Total Operating Revenue and Other Additions (Gains):	30,713	27,650
33	No note		Investment return appropriated for spending:		
		Gains on realised and unrealised investments	Non-Operating Revenue and Other Gains:	371	(603)

