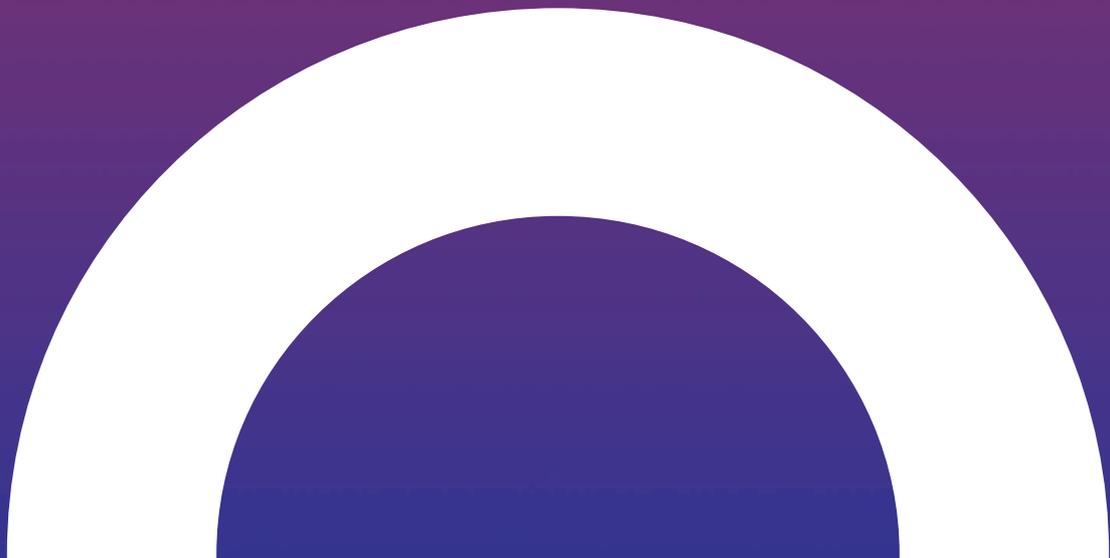


SOLENT
UNIVERSITY

SOUTHAMPTON

FINANCIAL
STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021





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WELCOME

FROM THE PRO-CHANCELLOR AND CHAIRMAN OF GOVERNORS AND THE VICE-CHANCELLOR

We are delighted to introduce Solent University's operating and financial review for 2020–21, a year which has once again witnessed significant change and developments within the institution. The challenges of the previous year remained as we continued to navigate the impact of a global pandemic, alongside a rapidly changing external context for the Higher Education sector. The financial results for the year have been achieved with effective financial management, balancing the need to invest whilst monitoring and controlling costs.

COVID-19 continued to affect our everyday lives and impacted on the entire academic year. Lockdown measures were re-introduced by the Government in November 2020 and January 2021 and although entirely lifted in July 2021, the University has retained a number of safety measures for the protection of our staff and student community. Throughout the year the University's teaching was delivered almost entirely online. From March of this year following Government guidelines, we were able to bring a small number of students back on to campus to complete their practical assignments.

We worked closely with Professional and Regulatory Bodies to ensure our online teaching would meet the rigorous requirements for professional awards, including the Maritime Training Board, with whom we agreed the conditions under which we would continue face to face training and assessments for our maritime cadets. Despite multiple obstacles, our priority has been to ensure our students were able to successfully complete their academic studies. The University established its Transformation Academy to pivot its teaching and learning practice. The Academy worked across all courses and all year groups to create online teaching materials for every academic programme and our Student Support services developed innovative approaches to providing a range of support including study advice, financial support, and mental wellbeing services.

We have learned a great deal from our experiences during the last twelve months and have listened closely to feedback from our students and staff about how to retain and build on the positive outcomes of the changes we made. As we move forward, we have introduced new ways of working for our staff and we will be continuing with many aspects of our hybrid teaching and learning into the future.

Work to implement our new Strategic Plan 2025, approved by the Board in November 2020 was brought together as a portfolio of projects, titled the Solent Future Ready Programme. Our new plan aims to reposition Solent University to create a sustainable business model and sets out our mission to create work ready, world ready and future ready graduates. The plan measures our success against a set of top-level performance indicators which are based on quality outcomes, improved financial metrics and societal impact. Work across all workstreams has progressed well and with urgency, focusing around three key concepts: who we are, what we do, and how we do it. Our governors, staff, students and external stakeholders have been engaged in discussions about these plans and our ambition to focus on a portfolio of 'fewer, bigger, better, courses, underpinned by quality metrics, linked to student success.

Over the last 5 years the University has reduced in size and the 2025 Strategy is also a growth plan, including targets for undergraduate, postgraduate, and international student recruitment. The savings required during the year shaped our rationalisation of the course portfolio, our organisational changes and progress towards our new operating model. Managing such significant change in such a difficult year has been challenging but has resulted in increased focus and optimism for the sustainable future of the institution.

The Vice-Chancellor's Group, reporting to the Vice-Chancellor continues to take executive responsibility for the direction of the University. The Faculty Deans joined the senior team just over 12 months ago alongside a new Pro-Vice Chancellor role with responsibility for Research and Knowledge Exchange. In year we appointed three new Directors to head up our newly created Schools, the Solent Law School, the Solent Business School, and our newly shaped Warsash Maritime School. In January we appointed a new Head of International, confirming our commitment to a refreshed International Strategy for Solent University. In March we announced the appointment of our new Chief Financial Officer and most recently a new Head of Planning and Business Insight.

During the year the Government launched several key initiatives covering the post-16 educational landscape in England. These included the Skills for Jobs White Paper, a review of the Teaching Excellence Framework, an interim response to the Augar Report and plans from the DfE for a post-qualification admissions system for Higher Education.

Similarly, the Office for Students issued consultations on capital funding, TRAC, recurrent funding and on quality and standards as well as a statement of expectations on preventing and addressing harassment and sexual misconduct in universities.

Finally, despite the COVID-19 uncertainties, Brexit preparations picked up momentum as we approached the end of 2020 with the transition period ending. We are yet to see the full extent of the impact with the effects of pandemic taking centre stage. However, Solent University's international student recruitment from European countries, previously at 18% of the student body, has already been impacted with September recruitment numbers considerably reduced on previous years.

During the year staff worked tirelessly to put in place COVID-19 secure measure on campus, establishing a testing facility for our community, which is now being used to set up a pop-up vaccination centre for the new academic year. It is testament to the behaviors of both University staff and students alike that we have not seen the high levels of infection within our university when compared to many parts of the country.

The status of our Warsash Maritime School as a leading and prominent maritime education, training and consultancy academy was recognised by the unveiling of our new heraldic badge granted by letters patent from the Garter Principal King of Arms. The School has also worked hard to secure a range of new sector contracts extending the reach of our maritime education.

In December 2020 the University announced its support for Southampton's bid to become UK City of Culture 2025. Colleagues across the University are now engaged in a series of projects and research activity to support the bid and showcase the impact of the creative arts on the Southampton community.

The University has also been successful in the first stages of a bid to host an Institute of Technology (IoT). If successful, the IoT will enhance Solent University's position with regard to the delivery of STEM courses and open up a number of new research, teaching and knowledge exchange opportunities.

Our annual 'Prevent' accountability and data return for the academic year 2019–20 was approved by the Office for Students and the University was successful in its bid

to secure funding through the newly established Turing Scheme, providing financial support to students who wish to study abroad.

Following the government's announcement of additional student hardship funding, Solent University was successful in receiving a 3-part allocation of funds, providing financial support for some of our most vulnerable students through the pandemic. These funds were used to address instances of digital poverty, to enable online study and with everyday expenses to support students' livelihoods.

Finally, the University saw positive results from the annual 'Your Module Survey', with overall satisfaction scores for the survey at 82.12%, the highest ever in the three years running. The University's National Student Survey results for 2021 overall held steady against our benchmark. After an extraordinary year the Chair and Vice-Chancellor extend their thanks to the students and staff of the University for their hard work and commitment during a very challenging time. Students and staff have shown great agility, flexibility and resilience. Whilst it is likely that we will continue to experience the aftermath of the pandemic for many years to come, our new strategy ensures that we are well placed to meet these challenges head on and position the University to deliver on our mission to be Future Ready.



Phil Cotton
Pro-Chancellor and Chairman of the Board of Governors



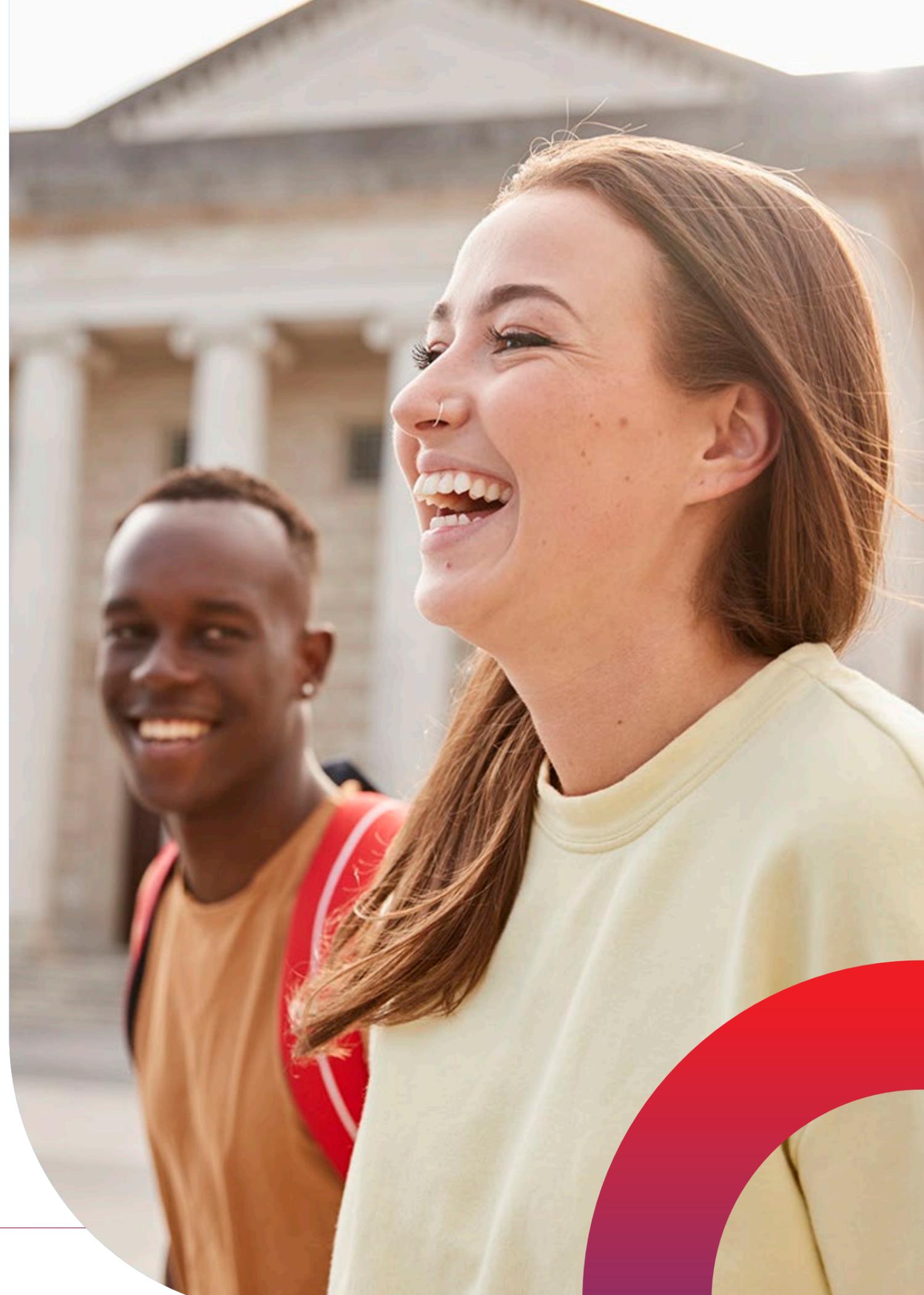
Professor Karen Stanton
Vice-Chancellor



FINANCIAL HIGHLIGHTS

RESULTS, CASH FLOWS, ASSETS AND RESERVES

	<u>2021</u>	<u>2020</u>
	<u>£000</u>	<u>£000</u>
Academic Fees and Support Grants	96,036	87,030
Funding Council Grants	8,270	6,657
Research Grants and Contracts	170	95
Other Operating Income	8,124	11,805
Endowment and Investment Income	5	161
Donations and endowments	30	60
Total income	<u>112,635</u>	<u>105,808</u>
Surplus/(Deficit) for the Year After Tax	338	(3,306)
Other comprehensive expenditure	20,052	(46,729)
Total comprehensive expenditure for the year	<u>20,390</u>	<u>(50,035)</u>
Net cash inflow from operating activities	16,310	8,455
Increase/(Decrease) in cash and cash equivalents in the year	9,163	(2,653)
Non-current assets	175,019	180,787
Current assets	37,266	28,264
Current liabilities	(23,907)	(22,553)
Non-current liabilities	(36,584)	(42,281)
Pension liabilities	(98,503)	(111,315)
Total Reserves including Pension Liability	<u>53,291</u>	<u>32,902</u>
Other Key Statistics	<u>2020-21</u>	<u>2019-20</u>
Number of Higher Education Full-Time Equivalents	10,049	9,197
Total Number of Higher Education Students	11,341	10,511
Number of Employees	1,006	1,126



SOLENT UNIVERSITY BY NUMBERS

A LONG HISTORY OF EDUCATIONAL EXCELLENCE



☆☆☆☆☆ QS RATED FOR EXCELLENCE



FOR EMPLOYABILITY, FACILITIES, INCLUSIVENESS, INTERNATIONALIZATION, TEACHING

SOLENT'S EMPLOYMENT RATE

IS **HIGHER THAN SECTOR AVERAGE** FOR THE SECOND YEAR IN A ROW

(Higher Education Graduate Outcomes Statistics 2018/19)



3RD IN THE SECTOR

FOR GRADUATE START-UPS

(HESA 2021)

100% STUDENT SATISFACTION

IN THE NATIONAL STUDENT SURVEY: **CRIMINOLOGY, ARCHITECTURAL DESIGN AND TECHNOLOGY, FASHION JOURNALISM, AND MUSIC MANAGEMENT**

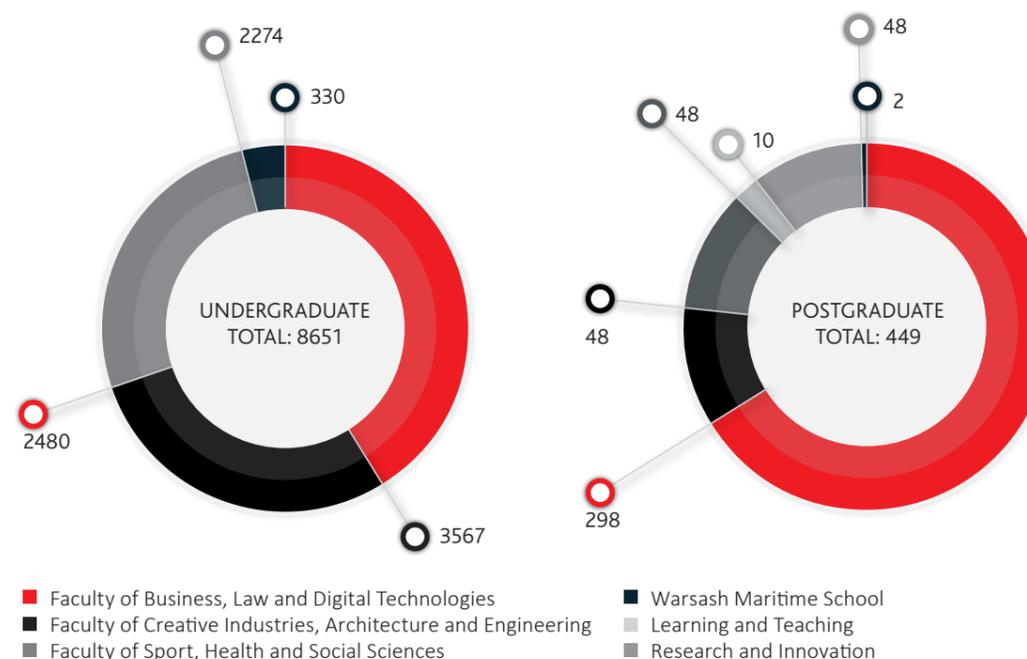
(NSS 2021)

LAW AND ENGLISH COURSES

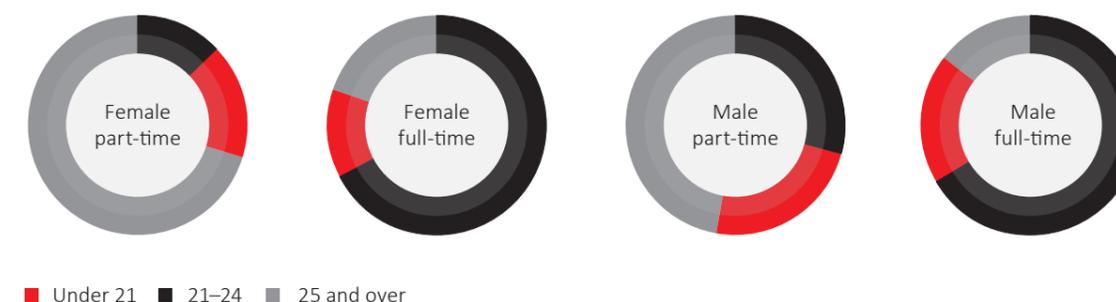
1ST IN THE SECTOR FOR STUDENT SATISFACTION

(Complete University Guide 2022)

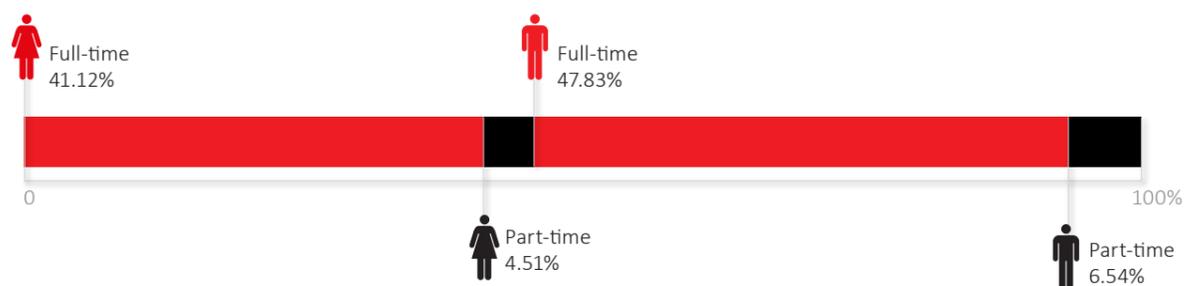
STUDENT NUMBERS (FULL-TIME EQUIVALENT) 2020/21



STUDENTS BY AGE/GENDER



GENDER SPLIT 2020/21





OUR STRATEGY 2025 READY FOR THE FUTURE

At Solent University, our mission is to ensure students are work-ready, world-ready and future-ready.

In service of this, our vision is wide-ranging:

- We transform lives through real-world learning, delivering life-changing careers
- We provide an outstanding student experience
- Our exceptional staff and facilities, and unique curriculum, promote confidence, skills and knowledge
- Our industrial partnerships offer professional insights, as well as opportunities for knowledge ex-change and research.
- And we are passionate about environmental sustainability, creating a better, brighter future for all.

At Solent University, we celebrate difference, and we are committed to social justice and equal opportunities. "Our students will leave us with the knowledge and skills to achieve their ambitions; and the passion and confidence to shape the future, meet its challenges and seize the opportunities it holds."

As well as inclusivity, we value the respect and integrity of our team and wider community, united in pursuit of our shared goals. Our staff, students and partners are engaged and active participants in Solent's vision, taking pride in and ownership of their part in shaping the future.

Our three core priorities reflect these goals and values. We do everything we can to encourage student success, offering:

- Exciting, modern and academically rigorous degree courses
- A focus on employability, real-world learning and opportunities to develop professional connections
- An outstanding student experience, ensuring our students emerge as well-rounded, confident individuals
- And in-depth support and opportunities that nurture students' development and ambitions

As a hub of research and knowledge exchange, we have a lot to offer:

- Our forward-thinking academic community has a broad wealth of specialist expertise, that is highly applicable to real-world challenges
- Embedded in the industrial and cultural life of our region, we promote ambition, innovation and wealth creation
- We offer knowledge creation, problem-solving, free-speech and equal opportunities, setting the standard for a modern, engaged university.

And we are committed to our city and communities, engaging with them to shape the future of Southampton and beyond.

By opening up our campus and our own Solent University community, sharing our skills and resources with the wider world, and learning from and supporting the places we belong to, we ensure a brighter future for all.

We are, at our heart, a sustainable university, financially resilient and focused on that future.

We are environmentally sustainable, from our rigorous environmental policies to our ambitious sustainable performance targets.

We nurture our partnerships, using Solent University resources to drive economic growth and ensure the best for our students, staff and communities.

And we recognise our place in the wider world, welcoming global graduates and opportunities, and building on our developing international reputation.

When we use education to advance knowledge and promote understanding, we create new opportunities for the benefit of all.

THIS IS WHO WE ARE,
WHAT WE STAND FOR,
AND WHY WE MATTER.
WE ARE SOLENT
UNIVERSITY



STUDENT SUCCESS

Student Success is one of three key priorities in our 2025 Strategy. For us, it means ensuring our students are ready for the future world of work, enterprise, and volunteering – and we'll achieve it by offering a portfolio of exciting, modern and academically rigorous degree courses with employment-focused, real-world learning that prepares students to succeed.

In 20/21 we created a Learning Teaching and Student Success Strategy, committed to improving every aspect of our students' university experience with strong links to other strategies including Estates and Portfolio and our Access and Participation Plan.

Throughout the year, we responded with agility and sensitivity to COVID-19.

We adapted policies and processes in consultation with the Students Union, extended our Transformation Academy work to offer remote delivery of teaching and student services alongside rich opportunities for on campus learning at appropriate times, always striving to ensure an excellent academic experience and the safety of our community.

COVID-19 has made our mission and values even more important, ensuring our students, whatever their background, are ready for the future world of work and further study. Module evaluations indicated students appreciated these efforts.

The National Student Survey 2021 results followed the national trend in reflecting some dissatisfaction, however for the first time our scores were ahead of all our local competitors. Against our sector benchmark we scored :

- Teaching 1% above
- Assessment and feedback 2% above
- Student voice 3% above
- Learning community 3% above
- Academic support 2% above.

Our goals are to work collaboratively with students to:

- Offer a portfolio of exciting, modern and academically rigorous courses with employment-focused, real-world learning that prepares students to succeed in their chosen profession, vocation or enterprise.
- Ensure an innovative and inclusive curriculum with excellent teaching that is face-to-face and online with wide ranging opportunities to learn.

WORK READY WORLD READY FUTURE READY

- Develop a transformative digital infrastructure for student success and access to state-of-the-art, industry-standard specialist equipment including laboratories, studios and simulators.
- Drive forward an environment where all students can belong and succeed, monitored by KPI's.

During 20/21:

We adapted our portfolio to focus on 'fewer, bigger, better' courses where market share can grow to create a visible and vibrant academic community by:

- Refreshing our core undergraduate courses to ensure they are attractive to potential students, inclusive and focused on graduate outcomes.
- Launching a new Business School and a new Law School at the heart of the University with two new Directors.
- Closing or merging courses where student numbers made them unviable.
- Moving from 5 to 3 faculties to allow for interdisciplinary synergies and a stronger academic community.
- Creating a Business Advisory Group to advise on curriculum and graduate employment.
- Extending our postgraduate offer to create pathways from some of our strongest undergraduate courses.
- Developing a new Maritime Strategy to drive increased income through a new commercial approach.

We further strengthened our partnership with students and with the Students Union to improve decision-making and communication by:

- Confirming a new funding arrangement with the Students' Union to allow for longer term planning.
- Introducing regular meetings between the Students Union and the Pro Vice Chancellor (Students and Teaching) to co-create policy changes and student-facing communications.
- Supporting the Students' Union to develop innovative approaches to student support and guidance focusing on student success.

STUDENT SUCCESS
CONTINUED



- Extending our work with student curriculum consultants to monitor and enhance Solent Online Learning and the inclusive curriculum.
- Utilising what was, in the main, very positive module feedback to respond quickly to student queries and concerns and focus resources on those courses that required change.

We established a new sector-leading approach to monitor valued added and quality in learning and teaching and to ensure we drive improved student outcomes by:

- Creating a governance process for our Access and Participation Plan (APP) and a new monitoring and evaluation system.
- Developing a new course dashboard tool to create a culture of data driven, evidence-based, continual improvement.
- Launching a university-wide working group to develop an ambitious, coordinated approach to improving graduate outcomes.
- Adopting the Race Equality Charter Framework to transform our anti-racist action plan.
- Launching a new academic promotion process, thereby extending the number of colleagues applying for Senior Fellowship and National Teaching Fellowship.

We prioritised student satisfaction extending the Transformation Academy to ensure remote learning meets students' needs by:

- Providing e-learning coaches for academics to transition from face-to-face teaching to online and hybrid.
- Ensuring access to the Adobe suite of online tools.

- Transitioning the library resources to fully support online and hybrid learning.
- Launching a bursary scheme to tackle digital poverty.
- Auditing Solent University Online sites to ensure quality.
- Adapting assessment, particularly in practical subjects, to ensure learning outcomes could be met.
- Protecting our maritime short course offer, despite COVID-19, to support the UK shipping industry.

Key student successes in 20/21 include:

- A comprehensive programme of activities delivered during Enrichment week. These events were focussed on student employment options, social activities, and wellbeing support. The week was well received with good attendance and excellent feedback.
- Solent University's PR student, Eloise Newman, won a national award for Best PR Student Blogger 2021 in the PR Academy, PR Place Awards.
- Five final year students from across Fashion had their final major projects shortlisted for Graduate Fashion Week awards.

During 2021/22 we will build on the work already in scope, but we will also focus on:

- Embedding sustainability across the curricula.
- Introducing subject area planning to strengthen our offer, particularly if funding bands change.
- Enhancing our academic and pastoral guidance systems.
- Designing a new framework to increase the number of fully on-line courses.
- Ensuring the digital infrastructure for hybrid learning.

STUDENT SUCCESS
CONTINUED



RESEARCH AND KNOWLEDGE EXCHANGE

Research and knowledge exchange is one of three key priorities in the University's Strategy 2025, with furthering knowledge through research and engaging with our communities for an exchange of knowledge as two cornerstones of our drive for excellence.

We strive for real-world learning, real-world research, and real-world impact. We aim to ensure that local, international, and global communities' benefit from the outcomes of our research and that we can share our knowledge with them. We will also learn from our communities about their priorities, challenges, experiences, and successes. This exchange of knowledge will lead to real-world impact, creating novel opportunities and mutual benefits.

OUR PROGRESS:

Throughout the Strategy, we will build our research distinctiveness by supporting our academic staff and celebrating their successes, so they feel empowered and thrive in an academically attractive and supportive environment.

We have made substantial steps on our journey to becoming a research-informed and research-active institution. Driven by a recognition that, as we grow and mature, we have an opportunity to build a dynamic and future ready environment in which research is central to what we do and our researchers are supported, valued, and celebrated.

Since receiving Research Degree Awarding Power in 2017, research in the University has been growing. Our progress is clear and reflected in our recent submission to the Research Excellence Framework (REF) 2021, which demonstrated an increase in the volume of our research and promises an improvement in quality compared to the previous submission in 2014.

We have set ourselves ambitious targets to capture and build on this developmental moment and its momentum. Providing our researchers with the tools they need to be successful and competitive and to establish mechanisms through which Solent University's expertise and analysis can be brought into the public forum, are central to ensuring our researchers fulfil their potential and the University meets its aims.

To successfully deliver our ambitions we are developing a culture and community where research is at the heart of everything we do. We will embed research informed teaching across our undergraduate and postgraduate provision, ensuring that curriculum content throughout the University is underpinned by our own research and/or that of others, and we will celebrate and support all research activities in the University, making research synonymous with our academic identity. We will ensure our information management systems on research and knowledge exchange activities are comprehensive, accurate and transparent. This will allow informed decision-making and ultimately progress towards successfully fulfilling our goals.

To achieve our goals, we will focus on and develop our core strengths and areas of expertise. In support of this, we have identified the key subject areas that will form our submission in REF 2027 and underpin our Knowledge Exchange work.

These key themes and knowledge exchange priorities are:

Research themes:

- Environment: safe and sustainable energy, transport, and material systems.
- Social Policy: improving individual and community wellbeing through practice, provision, and policy.
- Sport and Exercise Science: evaluating human function, health and sporting performance.
- Media and Culture: communication, cultural and media studies, creative arts and practice.

Knowledge exchange priorities:

- Maritime: autonomous shipping, alternative energy, seafarer's employment, and training maritime trainers.
- Sustainable Business: small business growth, entrepreneurship and sustainability, leadership and management skills, and business education and enterprise.
- Justice: human rights, ethical practice, safeguarding society and legal education.
- Health and Wellbeing: community physical health and mental wellbeing, corporate consultancy in health, sport and exercise science consultancy.
- Student entrepreneurship: creative industries, enterprise and intellectual property.
- Engineering: hydrodynamics, composites design manufacture, engineering material, CAD, simulation and automation.

RESEARCH AND KNOWLEDGE EXCHANGE CONTINUED

In support of these areas, we have appointed communities of researchers and subject leads to respond to the requirements of REF, including the submission of bids and delivery of grant funded projects; increasing academic outputs; improving and recording our impact; and supporting the newly launched Graduate School.

OUR SUCCESSES:

Recent examples of research successes include the 'MARCH Mental Health Network' on heritage-based/ archaeological programmes for mental health and wellbeing; and the Intelligent Ship Centre (IGNITE) project on remote and autonomous ship operation.

MARCH MENTAL HEALTH NETWORK

Heritage interventions to support mental health and wellbeing have become a focus of research and policy in recent years. Since then, and despite the paucity of data from mental health researchers, there has been a move towards social prescription of heritage interventions. Indeed, archaeology is now a well-established intervention, being used to support veteran wellbeing and other at-need groups.

Funding in 2019 was used to explore the ways in which archaeology may impact positively on mental health and wellbeing. Collaborating with the University of Winchester, this led to a successful bid to the MARCH Mental Health Network (one of eight national networks funded by UKRI as part of the 2018 Cross-Council Mental Health Plus call to further research into mental health) Sandpit Awards, bringing together experts in the area of heritage and wellbeing to further discuss best practice for archaeology for wellbeing projects.

Joined by Bournemouth University, a successful bid was made for MARCH Network Plus funding to develop a set of guidelines for delivering heritage-based/archaeological programmes for mental health and wellbeing and as a therapeutic intervention for those with specific mental health issues. These will be hosted nationally by Historic England, and the team plan to work with local authority partners to implement these guidelines at regional level.

INTELLIGENT SHIP CENTRE (IGNITE)

In September 2020, led by Solent University, the Intelligent Ship Centre (IGNITE) project was awarded funding from the Maritime Research and Innovation UK (MARRI-UK), supported by the Department for Transport, to develop a scaled demonstration and training facility for remotely operated Maritime Autonomous Surface Ships (MASS).

Solent University is the only institution worldwide with both advanced manned model and simulation capability. Working with leading experts, Wärtsilä, the IGNITE project will innovatively link the manned model and simulation centres. The project will enable complex simulation and training in real traffic interactions and high-risk manoeuvres in a safe and controlled environment.

The IGNITE project will contribute to the development of the evidence case for the development of Maritime Autonomous Surface Ships (MASS), identified as a key sector trend in Maritime 2050 and the by International Maritime Organisation (IMO).

Understanding the implications of the operation of these technologies is key to helping develop a flexible and practical regulatory framework. Beyond these direct realisations, the IGNITE project presents an opportunity of a safe environment for future innovative MASS technology development at a world-leading facility.



RESEARCH AND KNOWLEDGE EXCHANGE
CONTINUED



ENGAGING WITH OUR COMMUNITIES

Engaging with our communities is one of three key priorities put in place to deliver our Strategy and achieve our vision - through our students, research and knowledge exchange, we will have a positive impact on the communities we belong to and the place we call home.

Over the last year, Solent University has put a renewed focus on its approach to engaging with its three key communities: alumni, business and the local community. Like all organisations, our engagement with these audiences over the last year has largely been driven through digital platforms, delivering a series of virtual exchange webinars, gatherings and interactive activities.

Our alumni and support community have continued to engage with the University over the last 12 months, volunteering to deliver guest lectures and supporting our events programme. Over 75,000 individuals form our international alumni network with many excelling in their respective industries. Highlights include alumna Hannah Ngakane being listed in the Forbes 30 under 30 for Media and Marketing and fashion designer Jenny Packham joining the growing list of ambassadors for Southampton's UK City of Culture 2025 bid.

Our COVID-19 recovery fund continued to receive donations, totalling over £19,000, to help provide support for our students, the community and research. Funding supported a number of projects including the provision over 50 parcels of books and equipment to 43 students who could not visit the library due to being required to self-isolate. 33 women from the local community were also able to continue to participate in a Solent University led health programme that prior to the pandemic had been delivered face to face, using University equipment.

The pandemic saw many businesses have to adapt their ways of working and business models, with Solent University playing a key role in enabling this. 140 small, regional businesses participated in the Small Business Leadership Programme that was delivered by our Solent Business School, which also this year successfully secured a three-year reaccreditation of its Small Business Charter.

The business community has long played a key role in enabling Solent University's student success and over the last year significant steps have been taken to embed the business community at the heart of the institution. In June we launched the first of our Business Advisory



Boards, putting senior business leaders at the core of the institution. Chaired by Solent University alumn Peter Markey, Chief Marketing Officer at Boots, the Solent Business School Business Advisory Board is now working with our academic and student community to drive student success and knowledge exchange.

In addition to this we also announced the first of our strategic business partnerships with Southampton Football Club. The club is now embedded within the University's curriculum and will be delivering key modules of the BA Hons Football Studies programme.

As an anchor institution for Southampton and the Central South region we continued to recognise the important role we play both as a good neighbour and member of our local community. Work progressed on our Civic Agreement, setting out a number of strategic commitments to our communities. In addition, we also progressed on a number of our key performance indicators including the establishment of working groups and networks to support our applications for University of Sanctuary and the NCCPE Engage Watermark.





ACCESS AND PARTICIPATION

In 2019, the OfS approved the University's strategic Access and Participation Plan (APP) for 2020–25. The APP is focussed on our plans to reduce, or remove, significant gaps in the access, achievement, retention and progression of targeted Widening Participation (WP) groups. The plan is ambitious and far-reaching and includes activities to monitor and evaluate the impact of key initiatives so we can learn from, and share, our successes.

DURING 2020-21:

We provided robust widening participation programme for disadvantaged learners in schools/colleges/local communities:

- 5,657 learner engagements in our targeted WP activity.
- 90% increase in the number of individual WP activities delivered (2019-20 – 121 and 2020-21 – 230).
- 24% increase in the number of participants from BAME communities (where ethnicity data was collected) taking part in WP activities (2019-20 – 635 and 2020-21 – 788), with the proportion of these participants taking part in WP remaining the same as 2019-20 (25%).
- 23% increase in the number of participants from Polar 4 Quintile 1 and 2 areas (where postcode data was collected) taking part in WP activities (2019-20 – 1,861 and 2020-21 – 2,292), with the proportion of these participants taking part in WP increasing from 2019-20 (6% increase).
- 13% increase in the number of participants from IMD Quintile 1 and 2 areas (where postcode data was collected) taking part in WP activities (2019-20 – 1,928 and 2020-21 – 2,292), with the proportion of these participants taking part in WP remaining the same as 2019-20 (70%).
- 550% increase in the number of individual schools/colleges/external organisations worked with (2019-20 – 46 and 2020-21 – 299).
- New virtual on-demand WP activities/resources including 'play pause participate' activities, our XLR8 online mental health programme and virtual 1-1 careers guidance (69 delivered).
- Delivered a series of mental health events to parents/carers, learners and professionals.

Provided support for specific hard to reach groups to access higher education:

- Delivered events to support key influencers on WP learners including a parent/carer event targeted at the BAME community (89 registered).
- Delivered three radio shows targeted at the local BAME community.

- Delivered six student perspective events (including for Refugees, BAME communities and Care Leavers).
- Developed strategic relationships with multiple virtual schools including delivering CPD for 38 professionals, 2 CPD events for foster carers and collaborative activity with the Achieve for Children Virtual School.

Provided support for post-16 disadvantaged learners to access higher education:

- New Post-16 WP activities including four pre-application activities, eight post-application transition activities and 76 interview/audition/portfolio.
- 777% increase in the number of individual Post-16 Widening Participation activities delivered (2019-20 – 13 and 2020-21 – 114).
- New contextual offers scheme for WP applicants (including reduced offers and supporting events/activities/CPD) - by July 2021 7,652 offers made 2,449 of these (32%) are contextual with 28% of these firm accepts compared to overall firm accepts of 25%.

Provided financial support to our widening participation students:

- Allocated over half a million of hardship funding to support students facing hardship arising from the pandemic
- Distributed £900,000 of extraordinary funds issued by the OfS for students who were experiencing hardship.
- Offered additional digital, broadband, and parent bursaries, alongside a generic hardship fund.
- Awarded additional bursaries to care leavers in recognition that this group is particularly vulnerable to changes to employment opportunities
- Offered funding to international students as many were facing significant hardship as a result of the pandemic.

ALLOCATED OVER HALF A MILLION OF HARDSHIP FUNDING TO SUPPORT STUDENTS FACING HARDSHIP ARISING FROM THE PANDEMIC

ACCESS AND PARTICIPATION CONTINUED



Provided flexible support to students throughout the pandemic:

- A new named contact for care leavers, Foyer Federation and estranged students has been introduced offering personalised support. A working group was established to secure University of Sanctuary status for Solent University and we have awarded our first University of Sanctuary scholarship to an asylum seeker from Afghanistan who will be taking a masters course with us.
- We have continued to offer careers development support to our diverse student body throughout 2020-21, making good use of our bespoke career's platform – Solent Futures Online. We were pleased that despite the pandemic our 'high-skilled' metric on the Graduate Outcomes Survey increased by 8% to 68%.

**WE CONTINUED TO
SUPPORT OUR STUDENTS
THROUGHOUT THE YEAR.
WE HAVE RECEIVED
MORE THAN 7,000
CALLS AND OVER 800
IN PERSON ENQUIRIES
FROM STUDENTS**

- Access Solent supported students with disabilities and learning differences to ensure they were not disadvantaged by the pandemic. They opened 2,213 new cases on CRM and maintained cases for students already registered with the service. 110 students completed the online QuickScreen screening for specific learning difficulties indicators. Students identified as being clinically vulnerable were contacted to review their support and to also plan ahead for the new academic year and return to campus, anticipating any adjustments or information for course teams to be aware of. Access Solent laptops with assistive software and digital voice recorders continued to be available to loan from the library.
- There was high demand for support this year and we continued to support our students throughout the year. We have received more than 7,000 calls and over 800 in person enquiries from students. We have had over 2,800 counselling sessions across the year
- All students who had to self-isolate were called daily by the Residence team and by a counsellor offering them support and advice. In addition, self-isolating students were offered food parcels and given access to fridges and microwaves for their rooms.
- The University avoided a major outbreak and we are hugely grateful to our students for their compliance and for living up to the commitments enshrined in our Joint Commitment with the University of Southampton. Ensured our curriculum and environment is inclusive:
- Introduced the Transformation Academy to help academics to transition to online learning using a set of inclusive design principles. This initiative is now focusing on how we continue to embed best practice in online learning into our standard delivery with a focus on accessibility and inclusivity.
- Introduced the Solent Student Inclusive Curriculum Consultant scheme to support the launch of our Inclusive Curriculum Framework. The Framework has been designed to ensure that our curriculum is not only accessible, but that all students can see themselves reflected in the curriculum and that we are equipping our students to positively contributing to a sustainable and diverse environment.
- Began our submission for the Advance HE Race Equality Charter (REC), Bronze Award in July 2020. The self-assessment team (SAT) is a diverse cross-university team of 32 staff from the three Faculties and all professional services and includes Student Union representation.





OUR PEOPLE

At Solent University we care about our people and aim to create an inclusive, healthy working environment that provides opportunities, supports our people to fulfil their potential and contributes to delivering our Strategy.

We reward excellence and recognise the value diversity and equality bring to our community. Our six values underpin everything we do: Respect, Ownership, Inclusivity, Engagement, Integrity and Teamwork; and we support our managers to be Solent Leaders as 'We Care', which focuses on The Power of 'We', Communication, Authenticity, Recognition and Role Modelling and Empowerment.

We aim to create a healthy working environment and the conditions for us all to thrive. People's wellbeing is supported at Solent University through the Equality, Safeguarding and Wellbeing Committee and our Mental Health Vision for students and colleagues. To support this, we have invested in an Employee Assistance Programme, and we work closely with Solent Mind.

Our people's physical and mental wellbeing during the Covid19 pandemic has been a particular priority. The University has worked to ensure all staff could work from home effectively with access to the right information and support. We have provided advice on the latest government guidance to staff throughout, via webpages, news stories, videos, emails as well as guidance and advice on managing mental health and anxiety. We have centralised resources to ensure staff can still focus on their development across areas such as managing remote teams, virtual meetings, time management and managing productivity, Solent University's Career Pathways and enhancing digital skills.

Through our Ways of Working, and the creation of Workstyles (Campus, Hybrid-Fixed, Hybrid-Flexible), we have seized the unique opportunity to retain what has worked well. As such we will further evolve our culture to be student-focused, and a workplace for the future with greater flexibility and empowerment, accountability and trust. We will further develop our leaders to provide an enriching, enabling and empowering environment. We have consulted closely with our staff and students on our ways of working and have held two Vice-Chancellor Group briefings which all staff could attend, given presentations to each Faculty and Service and run several pulse surveys.

EQUALITY, DIVERSITY AND INCLUSIVITY

Equality, diversity and inclusivity continue to be a priority for Solent University. To support this, an Equality, Diversity and Inclusivity strategy will be launched in 2021–22, supported by the Vice-Chancellor, Professor Karen Stanton and the Chair of the Board of Governors, Phil Cotton. This will underpin the work of the Equality, Safeguarding and Wellbeing Committee chaired by the Senior Deputy Vice-Chancellor, Professor Julie Hall.

2020–21 has seen the following initiatives to support equality, diversity and inclusivity at the University:

- We began our submission for the Advance HR Race Equality Charter (REC) Bronze award in July 2020. The self-assessment team (SAT) is a diverse cross-university team of 32 staff from three Faculties, all professional services and Student Union representation. The SAT co-chairs are our Deans, Dr Diane Bray and Professor Peter Lloyd and the REC is overseen by Nona McDuff, OBE, Pro Vice-Chancellor, Students and Teaching. The SAT is divided into working groups and each group has scrutinised data and documents to self-assess the University's racial equality in its staff recruitment, staff profile, human resources processes, staff development, the student body, student recruitment and teaching and learning. The SAT has been identifying the key issues and focusing on identifying how these will be addressed in the University Action Plan. The application will be submitted in February 2022.
- After being cancelled last year due to COVID-19, Solent Pride went ahead as a physical event in 2021. Solent University continues to be a key partner sponsoring the event, which is co-ordinated via the Solent University LGBTQ+ staff network. This year the BAME network judged the Unity 101 Award, won by Sharon Lloyd, Solent University Course Leader in Make-Up and Hair Design, for all the work she has done on decolonising the curriculum. Sonia Sood, Chair of the BAME network was also part of a panel of staff and students at a virtual event for prospective BAME applicants.

WE CARE ABOUT OUR PEOPLE AND AIM TO CREATE AN INCLUSIVE, HEALTHY WORKING ENVIRONMENT

OUR PEOPLE
CONTINUED



- The Gender Pay Gap continues to remain a focus and reduced from 11.1% median pay gap in 2019 to 2.9% in 2020. The Race Equality Gap has also reduced from 8.4% median in 2019 to 3.1% in 2020. Reducing these gaps will remain a focus and will be supported by a review of staff recruitment and also with support for female and BAME leaders via the Aurora and Diversifying Leadership courses run by Advance HE.
- The University continues to progress its joint Mental Health Vision 2018–2025 for staff and students. A key focus for staff is the regular promotion of the Employee Assistance Programme, which currently has a 13% utilisation rate (July 2020–June 2021), along with additional resources for managers to support staff with mental health conditions and for those returning to work after a longer absence.
- Staff and student involvement is important to us and we involve all staff, subject to commercial and practical limitations, in matters affecting their time at work and keep them informed of the University's progress. Staff are provided with information about the University, which is supplemented by regular Vice-Chancellor briefings, staff forums and groups such as Solent Voice and Women Achievers. The University makes full use of its website, staff intranet and e-newsletter to provide information, updates and successes from across the University.

TRADE UNION FACILITY TIME REPORT (TAX YEAR ENDED 31 MARCH 2021)

Solent University recognise UCU and UNISON for consultation and negotiation purposes and in line with our Recognition Agreements and the ACAS Code of Practice grants paid time off for these important trade union duties.

In line with the Trade Union (Facility Time Publication Requirements) Regulations 2017, Solent University published the required data on 30 July 2021. Below is the summary of the information:

	No.	FTE'S
Employees who were relevant trade union officials	19.0	17.3
Percentage of working hours spent on facility time:		
0% of working hours	0	0
1% - 50% of working hours	19.0	17.3
51% - 99% of working hours	0	0
100% of working hours	0	0
Total pay bill for the tax year 2020–21	£55,315,000	
Total cost of facility time	£26,501	
Percentage of pay spent on facility time	0.05%	
Hours spent on paid facility time	987	
Hours spent on paid trade union activities	54.29	
Percentage of total paid facility time hours spent on paid TU activities	5.50%	

OUR PEOPLE
CONTINUED





ENVIRONMENTAL SUSTAINABILITY

Our Strategy 2025 sets our commitment to ensuring our work is informed by the three keystones of our offering. One of these is our environmental sustainability and our recognition of the fundamental importance of creating a sustainable future and the continual improvement of our environmental performance.

OUR ENVIRONMENTAL AND SUSTAINABILITY ENABLING PLAN:

In 2020–21 Solent University began to implement its Environmental and Sustainability Enabling Plan, which lays out the projects and initiatives the University will undertake to 2025.

Solent Sustainability Group was repurposed at the start of the 2020–21 academic year to provide strategic oversight of the Environmental and Sustainability Enabling Plan and drive delivery of environmental initiatives.

The group is chaired by the Chief Operations Officer, reports to Vice-Chancellor's Group and comprises representatives from faculties, professional services and the Students' Union.

OUR PROGRESS:

The University retained both ISO14001:2015 and EcoCampus Platinum certification for its Environmental Management System (EMS) in 2020–21.

The EMS is a Quality Management System that brings together Solent University's environmental and sustainability initiatives under one framework. The EMS is externally audited each year by an independent UKAS Accredited Certification body (currently Interface NRM). At the external audit in March 2021, the auditor commended the University for producing a succinct and easy-to-manage EMS and for the level of the cross-departmental involvement.

The 2020/21 recycling rate for the University was 35%, some way from the target of 50% by 2021, but heavily impacted by disruption to campus operations and waste collection procedures due to COVID-19.

The annual Student Switch Off (SSO) competition in halls of residence helps first year students to be energy efficient and take simple actions to reduce their energy use and



carbon footprint. During the three-month SSO energy saving campaign in Semester 1 of 2021–22, the residences reduced their energy use by approximately 8%, equating to a saving of around £4,000 and 10 tonnes of CO₂.

In June, staff, students, contract partners and members of the public also took part in a Million Mile Beach Clean starting at Warsash Maritime School, with 17 volunteers collecting 28kg of litter along the Hamble River and shoreline of Southampton Water.

As part of our commitment to sustainable construction and procurement, the University has adopted the SKA rating for building refurbishments. Future fit-outs of the campus estate will be certified against a set of sustainability good practice criteria, designed to improve environmental performance of all aspects of the refurbishment and into post-occupancy.

In addition, Solent University has subscribed to the Net Positive Futures Supplier Engagement Tool, which helps improve environmental and ethical standards in the procurement process and in supply chains. The tool enables the University to measure and report suppliers' sustainability credentials and supports suppliers to develop their own sustainability action plans.

The University hosted a week of activities in November 2021 to mark the start of the UN Climate Conference COP26. This includes the launch of the Environmental Research Centre, a series of lectures showcasing our maritime research activities and sustainability content within degree programmes, carbon literacy training for students and staff, and outreach activities with local schools.



ESTATES STRATEGY

The compilation of a new estate's strategy (2021-2027) was the key focus during the past year. It sets out a framework and guiding principles for the reshaping and remodeling of the campus estate over the forthcoming 6-7 years, with a clear vision to deliver an outstanding student and staff experience with exceptional facilities, and realise the full potential of existing assets.

The aims include rebalancing, consolidation, and more efficient use of space to allow headroom for future growth in student numbers with a greater percentage of the estate assigned for Teaching and Learning, collaborative, and student-centered activities.

The strategy will bring about improved access and connectivity on East Park Terrace, targeted investment to improve its condition and functional suitability, maintain compliance obligations and make the campus attractive, safe, inclusive, inspiring, welcoming, and modern in appearance with flexibility in design to support new and emerging pedagogy, course portfolio, and workstyles at a lower cost base, while reducing our carbon footprint. Detailed planning and design are already underway to realise these aspirations.

Major projects that were previously paused due to the pandemic have either been incorporated into the Estates Strategy or are pending further strategic review. This included the development of the lower site at Warsash and a full options appraisal for raising a capital receipt from the disposal of certain assets. Both will be the subject of further work and analysis during 2021/22.

A CLEAR VISION TO DELIVER AN OUTSTANDING STUDENT AND STAFF EXPERIENCE WITH EXCEPTIONAL FACILITIES



REFURBISHMENT AND MAINTENANCE

With the pandemic continuing, only a small number of refurbishment projects took place. These included completing the relocation of the Moot Court to the Spark Building, to complement moving the Schools of Business and Law into adjoining areas.

In addition:

- New atrium furniture is planned for the Spark Building as we start the new academic year
- New furniture and IT equipment will enable hybrid teaching
- The 'quad' external space has been completely transformed
- Internal redecorations to communal spaces on RM level 2, the former SU building spaces (renamed JM East) and across the student residences will freshen areas of the campus and residential estate for new and returning students and staff.

Business critical plant and equipment:

- Maintenance of business-critical plant and equipment came sharply into focus as a result of the pandemic, and particularly the importance of fresh air ventilation.
- All mechanical ventilation plant was audited and serviced, filters changed, and settings altered to prevent air from being recycled.
- All systems were closely monitored using the Building Management System and CO2 monitoring devices.
- Estates took the opportunity to carry out a full campus wide electrical system testing during the year, a review of fire strategies, fire risk assessments for a number of academic (and all) residential properties, and supporting H&S documentation.

ESTATES STRATEGY CONTINUED



The Sir James Matthews Building was initially mothballed following the relocation of the schools of Business and Law to the Spark but was later (November) re-opened to house the University's COVID-19 Test Centre.

COVID-19 RESPONSE

Estates and Facilities continued to play a pivotal role in leading the University's response to the pandemic.

This including the setting up overseeing of an ATS (Antibody Test Service) centre at the end of November 2020, which ran through to the end of May 2021, and was then replaced with an LFD (Lateral Flow Device) Collect centre on campus.

The test centre allowed staff, students and contractors that were working or studying on campus (or in the case of students) moving between home and then living at their term time address from the start of the 2021 calendar year to be tested in line with government guidance.

In total over 15,000 tests were conducted and 99.6% proved to be negative. Plans for the start of the new academic year are already in place and includes issuing LFD self-test kits and the setting up of a pop-up vaccination centre in partnership with the local GP surgery.

Resources were focused on ensuring academic campus' remained COVID-19-safe and Covid-19-secure, supported the Track and Trace initiative, and met all the legislative requirements that enabled business critical activities and permitted courses to continue – buildings with low or no

occupancy were managed and maintained in accordance with the relevant statutory requirements.

Equally, the student residences remained fully operational and resourced, with specific risk assessments and protocols to deal with confirmed COVID-19 cases and the self-isolation of students and groups – with an estimated 70% of students choosing to remain during in residence throughout the academic year.

The generic COVID-19 Risk Assessment was regularly updated and published reflecting the latest government guidance for both the general population and the HE sector, with specific activity-based risk assessments relevant to Estates and Facilities suitably updated. Close collaboration continued with Southampton City Council, and local agencies and stakeholders to manage COVID-19 risks, raise awareness and share key data.

Working with key contract partners, we were able to take advantage of the Governments Job Retention (furlough) scheme to reduce costs and mitigate additional expenditure due to the pandemic in areas such as utilities, enhanced campus safety, security, student wellbeing and cleaning.

WARSASH LAND SALE

Progress continues with contracts exchanged just before Christmas 2019. Since then, we have commenced formal process to remove the telecommunications mast. Meanwhile the purchaser has worked on their development plans and has submitted a request for pre-application advice from the Local Planning Authority (LPA). The purchaser intends to submit an application for full planning to the LPA in December 2021. This would hopefully lead to planning being granted in the Summer of 2022 and completion in August/September 2022 (subject to the telecommunication mast being removed in good time).

LEASE DISPOSALS

The lease on the Lucia Foster Welch residence came to an end in September 2020, after 25 years.





OUR PLACE IN THE WORLD

As one of our Strategy's key foundations, 'our place in the world' is our commitment to creating global graduates, and a university culture where all students can aspire to international opportunities.

Our strategy's framework has enabled us to implement a holistic, cross-Solent University approach in response to the challenges of Brexit, COVID-19 and UKVI, and a focused commitment to delivering quality international recruitment practices to attract quality international students.

We are committed to increasing our recruitment of international students and to promoting our reputation as a quality recruiter of international students and a quality education provider.

Our work in relation to delivering quality recruitment practices has involved a repositioning of our relationship with agents, including quality auditing of agents to ensure applicants are 'offer ready' and 'visa ready'. We have also opened up a new recruitment channel through the development of recruitment partnerships and have focused on our more unique degree programmes to develop relationships with high-ranking educational institutions world-wide.

Our work in developing relationships with partner institutions has also been strengthened by our application to the Turing Fund for outward UK student mobility. Working with our partner institutions, we have been able to attract funding for 55 global study opportunities for our UK students.

We have also identified, on a country basis, which markets Solent University can most successfully recruit from, by matching our unique educational products with market demand, in-country growth industries, and poor competitor activity.

In relation to Brexit, the transition of European markets into international markets created significant challenges for Solent University. Traditionally, Solent University maintained healthy market share in Europe, however, our reliance on EU market economies with lower GDP, coupled with the loss of UK student loans for European students, resulted in both a drop in the number of EU applicants, and a loss of market share.

Through the analysis of focused market intelligence, we have identified a fresh portfolio of EU country markets where we believe we can be competitive, and which we believe will transition more comfortably to international markets.

As with all UK universities, Solent University has been challenged by the COVID-19 pandemic, both in sending staff and students outbound into international markets, and in welcoming international students onto campus. Furthermore, the challenge of recruitment during the pandemic has been exacerbated by the recent introduction of the Graduate Immigration Route for post-study work visas and UKVI increased vigilance of visa applicants from known illegal immigration markets.

Using the SFR strategy, we have implemented a variety of robust measures to ensure we reduce our exposure to market risk by attracting international students from a diversity of country markets, and onto a diversity of degree programmes throughout our academic portfolio.

We have also acted to attract a higher quality of international students, working closely with international recruitment agents by monitoring their recruitment performance ('offer ready' and 'visa ready' students) and delivering academic interviews for international students from particular markets and onto particular destination programmes at Solent University.

Despite the challenges for international 2020–21, the SFR strategy has enabled us to reposition Solent University as a competitive recruiting university, delivering quality education and a quality international student experience. We have used our Solent University brand 'Work Ready, World Ready, Future Ready' extensively in our international marketing this year, and we are currently developing an evidence base to promote our brand to international stakeholders.

We have committed to implementing quality international recruitment practices both at Solent University and across our supply chain of agents and partner institutions in order to attract quality students to Solent University. Our strategic priorities are to increase international recruitment, protect our UKVI sponsorship licence, reduce our exposure to market risk through diversified recruitment and to provide an excellent student experience for international students.

COMMITMENT TO
CREATING GLOBAL
GRADUATES

FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2021

FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2021
CONTINUED

SCOPE OF THE FINANCIAL STATEMENTS

The Financial Statements comprise the consolidated results of the University, its fully owned trading subsidiary undertakings: Solent University Limited (SUL) and Solent University Services Limited (SUSL), and its joint venture Solent Pathway Campus Limited (SPCL). The results of the Solent Students' Union are not included as it is a separate unincorporated association in which the University has no financial interest and no control or significant influence over policy decisions.

The main activities of SUL are to provide short courses, training and facilities, consultancy services, meals and accommodation for employees of other organisations using the company's facilities for their own training programmes, and miscellaneous commercial activities.

SUSL provides support staff to the University.

The University owns 51% of the SPCL share capital, with the remaining 49% being owned by QAHE (SU) Limited. The joint venture provides foundation courses for overseas students, enabling progression on to Solent undergraduate courses.

FINANCIAL KEY PERFORMANCE INDICATORS

As part of the strategic plan process, the University has adopted a single key financial performance indicator:

Key Financial Performance Indicator	Criteria	Outcome for 2020–2021	Outcome for 2019–2020
Net cash inflow from operating activities as a percentage of Income	Rolling 3-year average of 9-11%	11.2%	11.5%

The rolling three year average KPI has exceeded target as a result of the surpluses generated in 2018-19 and the current year.

The above key Financial Performance Indicator is supported by two other performance indicators, as shown below:

Performance Indicator	Criteria	Outcome for 2020–2021	Outcome for 2019–2020
Annual (Deficit)/surplus (after tax and FRS102 pension costs)	At least 3% of income	0.3%	-3.1%
Staff costs as a percentage of income	Not to exceed 53% by 2023-24	52.2%	58.0%

The strategic work being carried out under the Solent Future Ready project aims to achieve these financial indicators over time, which are monitored and evaluated against the University's financial planning.

RESULTS FOR THE YEAR

The University's results, which were impacted by the ongoing COVID-19 crisis, are summarised in the Financial Highlights on page 6

Despite the ongoing impact of COVID-19 the University has delivered an operating surplus for the financial year 2020-21 of £6.0 million with a surplus of £0.3 million after FRS102 pension costs (2019–20; deficit of £3.3 million after FRS102 pensions costs). The University's financial performance was better than budget as some of the assumptions regarding the impact of COVID-19 did not materialise and the University took actions to mitigate the financial impact of COVID-19 and other financial risks.

Total income has increased by £6.8 million (6.4%) to £112.6 million primarily as a result of the increase in tuition fees and education contracts.

Funding body grants were higher by £1.6 million (24.2%) to £8.3 million, with the majority being received from the Office for Students (OfS). The OfS recurrent grant for 2020-21 totalled £4.3 million, representing a decrease of £0.2 million (4.5%) from 2019–20, which was a result of the reduction in teaching grant. Targeted Allocations, which is funding received for the additional costs associated with recruiting and teaching students from under-represented social groups and communities, was £2.3 million, down from £2.7 million in 2019–20. The University has seen a continuous decrease year on year of the OfS recurrent grant. Also received in 2020–21 was £0.9m in Hardship Funding in 2020–21, which was distributed to students.

Tuition fees increased by £8.9 million (10.3%) to £96.0 million as a result of higher home and overseas student income. Included in the home tuition fee is partnership income (2020–21: £8.9 million, 2019–20: £3.0 million) which has a corresponding cost in Other Operating Expenditure.

Other operating income decreased by £3.6 million (3.1%) to £8.1 million, mainly due to lower accommodation fees in 2020–21 as the University allowed students to be released from their accommodation contracts due to the COVID-19 restrictions during the national lockdowns.

Overall total expenditure remained fairly constant compared to 2019–20, with an increase of £2.3 million (2%) to £112.5 million (2019–20, £110.2 million), as the University continued to control costs.

Staff costs decreased by £2.6 million (4.3%) to £58.8 million, which is attributable to a reduction in staff numbers. During the year there was significant staff restructuring which resulted in a reduction of 126.8 posts in total of which 41.9 were from the faculties and 84.9 services. As a result, redundancy costs increased compared to the prior year, £1.9 million compared to £1.6 million. FRS102 pensions costs were £4.2 million compared to £1.9 million in 2019-20, detailed in the Pensions section below.

Other Operating Expenditure includes QAHE partnership cost of £7.8 million compared to £3.3 million in 2019–20.

INVESTMENTS AND CASH RESERVES

Overall investments and cash reserves have increased by £9.2 million, which is due to a surplus in 2020–21 and improved overall cash flow from operating activities as a result of the mitigation actions the University has taken. Details of the Net cash inflow from operating activities are given under Cash flow below.

The University has continued to invest its funds in short term, highly liquid investments that are readily convertible to known amounts of cash with a short maturity and insignificant risk of change in value.

CASH FLOW

The Financial Highlights on page 6 show that the University generated a net cash inflow from operating activities of £16.3 million, £7.9 million higher than the previous year. This represents 14.5% of net operating income. In common with many institutions in the sector the University has adopted a three-year rolling average of net operating cash flow as a percentage of income as its Finance KPI. The factors contributing to the level of net cash inflow include:

FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2021 CONTINUED

- a surplus of £0.3 million was achieved in 2020–21, compared to a deficit of £3.3 million in the previous year.
- a decrease in debtors in 2020–21 compared to 2019–20. The University continued to adapt its debt chasing strategy due to COVID-19, with monitoring outstanding debt remaining a priority
- A increase in creditors compared to 2019–20 has an impact on net cash inflow. Underlying trade creditors are higher, which is offset by lower deferred income than in 2019–20, as University activities increase and adapt following the impact of COVID-19.

LONG-TERM BORROWING FACILITY

The University has a standard commercial loan with Allied Irish Bank, secured on individual halls of residence. The amount outstanding as at 31 July 2021 is £8.9 million and will be repaid by July 2026.

The University also has two loans with Lloyds Bank, secured against the Spark. As at 31 July 2021 the amounts outstanding were £18.3 million and £8.2 million, and are amortised according to the loan repayment schedules. The loans terminate on their fifth anniversary in July and October 2023. The University intends to refinance the loans in 2022–23. The University also has a £10 million revolving credit facility with Lloyds which was undrawn during the year (see note 17).

The University has an additional £15 million revolving credit facility with Barclays Bank for a 5-year period with an option to extend. This facility was undrawn during the year. Note 17 gives further detail of the year end debt position.

POST BALANCE SHEET EVENTS

The USS 2020 valuation has now been signed and filed with The Pensions Regulator with an effective date of 1 October 2021. The resulting schedule of contributions will see a small increase in contribution rates from the 2018 Valuation and a longer deficit recovery period as a result of the decision to proceed with benefit change by the Joint Negotiating Committee (JNC) subject to member consultation. The impact on the USS liability is an increase from £211,374 to £702,913. For the 2020/21 financial year however, potential changes are considered a non-adjusting event.

UPDATED FINANCIAL PLAN

A new strategy was launched in 2019–20. The strategy is underpinned by a financial plan that is annually reviewed. It sits alongside the other plans and is inextricably woven through the strategy, ensuring the appropriate resources are provided to support the University's objectives and academic development and reflects the outcomes of anticipated improved financial performance.

The key strategic themes are to:

- Manage resources and finances to provide sustainability of income and expenditure to deliver the strategic plan;
- Support the University through improved decision making and robust financial processes;
- Allocate resources for students ensuring transparency and value for money; and
- Ensure financial risks are communicated and managed appropriately.

The Chief Financial Officer, together with the finance senior management team, is responsible for the delivery of the Financial plan. A set of key performance indicators has been developed as part of the strategic plan process; with a single key financial performance indicator as highlighted above.

FUTURE OUTLOOK AND GOING CONCERN

Alongside other HE institutions, Solent University has experienced financial challenges in 2020–21 due to COVID-19, although the year end outturn is better than forecast.

Throughout the year, in addition to adapting to the pandemic, the University continues to address its decline in student recruitment through the Solent Future Ready (SFR) project, with fundamental changes across the University's portfolio, people and strategic priorities. This work will continue in the current and future years, aiming to ensure a financially sustainable business model for the next five years and beyond.

Higher Education continues to remain high on the Government agenda, and policy continues to evolve at pace. Further changes in government policy and funding could have a significant impact on the University and the sector's long-term financial sustainability. The University continues to plan for various scenarios and engage government and other stakeholder's consultations and policies.

FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2021 CONTINUED

The work of the Transformation Academy continues, allowing the University to adapt its teaching and learning provision to a hybrid environment whilst continuing to provide an excellent learning experience. This work will continue as the University adapts to the challenges caused by COVID-19 and is already supporting above benchmark scores in the NSS across various categories.

As the challenges caused by COVID-19 evolve, this work will continue throughout 2021–22 enabling all course teams to transition to a virtual learning environment, creating an immersive and rich online learning experience for students.

The 2021–22 budget and medium-term financial plans recognise the need to ensure that the University's cost base is affordable. So, during 2021–22 the University will continue to take action to control costs so that as it delivers future income growth it also gradually increases our surplus in current and future years to allow future investments and to build resilience.

The unpredictable duration and impact of COVID-19 introduced an increased level of uncertainty into the University's forecasting. In order to eliminate short-term financial risks, the University, has continued to review its financial plan and stress tested various scenarios. Together with external consultants, the University has started an appraisal of its refinancing options ahead of its current facilities expiring in 2023 and 2025.

In order to justify preparing the financial statements on a going concern basis the University has:

1. Stress tested its financial plans based on a range of student number levels for 2021–22 and material other variables impacting income and costs;
2. Reviewed the impact of the different scenarios on the cash flow forecasts
3. Considered the undrawn credit facilities that are available to the University (£25m)
4. Presented and discussed these financial scenarios to the University Board of Governors;
5. Secured covenant resets and waivers from its banks in 2019–20 to provide additional headroom around potential downside scenarios after considering the nature and extent of the uncertainties identified; and,
6. Through a combination of a review of financial plans based on known and likely recruitment levels for 2021–22, future covenant modelling together with resets and waivers for 31 July 2021 and 31 July 2022 and reviewing the continuing Solent Future Ready project work, the Executive and

the Board of Governors considers that Solent University has adequate resources to justify preparing the financial statements on a going concern basis.

TREASURY MANAGEMENT

Treasury management encompasses the management of the University's cash flows, banking, money, and capital market transactions and the effective control of the risk associated with those activities.

The policy of the University is to safeguard its assets whilst at the same time aiming to achieve the best possible return on its investment. The over-riding principle however must be to minimise risk rather than maximise return.

The financing and liquidity of the University and its exposure to financial risk are managed by the central Finance Service. The University's financial strategy sets out the minimum liquidity levels needed to ensure that financial and operational control is maintained. A rolling five-year forecast is prepared each year, which incorporates a review of capital expenditure, cash generated and any future borrowing requirements.

The University's Treasury Management Policy is in line with CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2011 Edition).

ACCOUNTING POLICIES

The University's Financial Statements have been prepared in accordance with the Statement of Principal Accounting Policies set out on pages 59.

In accordance with FRS102, The Financial Reporting Standard, the University has reviewed its accounting policies to ensure that they remain appropriate.

PENSIONS

The University has three defined benefit pension schemes for staff, which are the Teachers' Pension Scheme (TPS), the Hampshire County Council Local Government Pension Scheme (HCCLGPS), and the Universities Superannuation Scheme. A defined contribution scheme Solent Pension Plan administered by Aviva is also available to all University staff.

FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2021
CONTINUED

The disclosure notes on pages 78 to 81 relate primarily to the HCCLGPS and unfunded obligations. The latest actuarial valuation of the fund took place as at 31 March 2019 and was updated by Aon Hewitt Limited, as actuaries appointed by Hampshire County Council, in order to assess the University's share of assets and liabilities of the scheme as at 31 July 2021.

The University's share of the deficit in the HCCLGPS has decreased by 11.3% to £98.5 million as at 31 July 2020 (2019–20: £111.0 million).

The liabilities are particularly sensitive to gilt yields, a 0.1% change increasing or decreasing liabilities by 2.1%. The discount rate used in 2020–21 is 1.7% compared to 1.4% in 2019–20, resulting in a decrease in liabilities. Assets have also performed better than expected over the year.

Following developments in the Employment Tribunals of other public service schemes, and subsequently the consultation on the proposed remedy for the LGPS by MHCLG on 16 July 2020, figures produced by AON in 2019–20 included a McCloud "underpin" liability within the current service cost, together with an allowance within the balance sheet reflecting service since the scheme reforms. For 2020–21, the same approach has been adopted using a roll-forward method.

RISK AND RISK MANAGEMENT

The University has an established risk management policy which identifies management of risk as a responsibility of all management post holders, as appropriate to their level of accountability, led by the Vice-Chancellor. The Risk Management Group (RMG) has evolved an annual analysis process which identifies the top institutional risks as identified by the Vice Chancellor's group and also the aggregated top risks prioritised by faculty and service managers. This ensures there is consistency between those risks perceived by top managers and the management teams of faculties and services. Should differences of view become apparent these can then be easily identified and investigated.

As a largely teaching orientated institution these processes revolve mainly around the planning, marketing, budgeting and student support measures necessary to recruit and retain students, enhance the student experience and protect income streams. Conventional business recovery,

financial management, and health and safety action plans are also in place. The effects of the fast-moving educational environment have been closely monitored, with faculties and services updating their risks register regularly as circumstances change, ensuring that emerging risks are identified, reported and mitigated.

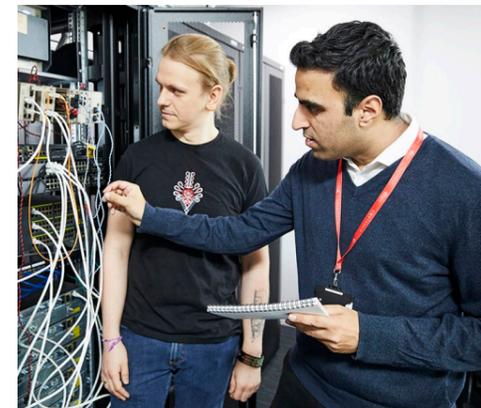
The Audit Committee (AC) of the Board of Governors is briefed at each of its meetings on the latest Vice-Chancellor's Group (VCG) risk analysis update and progress on the larger cycle of analysis, contingency and action planning. This provides AC members with reassurance that executive action is underway and with an opportunity to seek clarification where appropriate. The final annual action plan is agreed with the University Senior Management Team as part of this process to ensure their ownership and then reviewed by Audit Committee. As Chair of RMG, the Chief Operating Officer provides a direct link with VCG in reviewing all levels of risk across the University.

With uncertainty to changes in government policy, funding and inflationary pressures on operating costs and pensions the risk to financial stability across the education sector remains high. The University has reviewed its financial stability and developed a financial plan to mitigate the identifiable risks, as detailed in the Future Outlook and Going Concern section (page 40).

As we moved to a blended approach of working and learning remotely our exposure to cyber-attacks have increased, as for other institutions. The RMG and Audit Committee have identified cyber security as an increased risk to the University. We are continuously working to implement measures which augment our existing controls to further manage the risk of cyber-security acknowledging that the risk can only be mitigated. We have put in place a response plan to manage any possible event that may occur as a result of a cyber-attack.

CREDITOR PAYMENT POLICY

It is the University's policy to pay suppliers 30 days after receipt of invoice, unless special terms have been negotiated.



STATEMENT OF PUBLIC BENEFIT

Solent University is a Higher Education Corporation as set up under the Further and Higher education Act 1992. The University is a Charity under statute, also known as an 'exempt charity'.

The University's mission and vision (detailed on page 11) are translated into the University's new strategic plan, 'Solent Future Ready 2020-25'. It is this strategy which enables the University to fulfil its charitable objects.

The Governors, as trustees of an exempt charity, are aware of the guidance issued by the Charity Commission on public benefit. Given the activities of the University and the student population that it serves, the Governors consider that the University meets its statutory requirements in all respects.



CORPORATE GOVERNANCE

LIST OF GOVERNORS 2020/21

Governor	Type	Attendance at Board Meetings
Stephen Bolton	Independent Governor and Vice Chair	7/7
Dr Janet Bonar	Staff Governor	7/7
Phil Cotton	Independent Governor and Chair	7/7
Paul Cox	Co-opted Governor (joined 1 March 2021)	1/7
Mark Dixon	Staff Governor (left December 2020)	2/7
Nigel Duncan OBE	Co-opted Governor	7/7
Professor Ruth Farwell CBE DL	Independent Governor (left July 2021)	7/7
Jennifer Glastonbury	Independent Governor	7/7
Donald Iro	Independent Governor	7/7
Councillor Satvir Kaur	Co-opted Governor (left July 2021)	3/7
Vaios Koukouletsos	Student Governor	6/7
Susan Macpherson	Independent Governor	7/7
Louise O'Donoghue	Staff Governor (joined 20 May 2021)	1/7
Sharath Ranjan	Independent Governor	7/7
James Rimmer	Independent Governor (left July 2021)	7/7
Lena Samuels	Independent Governor	6/7
John Simpson	Independent Governor (left July 2021)	6/7
Professor Karen Stanton	Vice-Chancellor and Governor	7/7
Philip Wake OBE RD	Independent Governor	7/7
Bridget Woolven	Clerk to the Governors	6/7

EDUCATIONAL PURPOSE

Solent University is a vibrant and enterprising modern university with a focus on student success, preparing our graduates to be work-ready, world-ready and future-ready. The University is a friendly, open, and inclusive place which offers excellence and distinctiveness.

We offer practical and professional education with courses uniquely tailored to industry needs. Our approach is creative, inclusive and student focused, and we have strong international ties. We are one of the world's leading maritime education and training providers with a range of unique resources and facilities.

The University's undergraduate and postgraduate students are the prime beneficiaries of the University's activities and are directly engaged in learning or research. In the 2020-21 academic year, the University enrolled students from the UK, EU and overseas on full and part time programmes at all levels from HND and Foundation Degree to PhD. The quality of the University's teaching and the positive student experience is reflected in its continuing success in the National Student Survey (NSS).

This links with our Mission to pursue excellent university education that enables learners from all backgrounds to become future ready

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE STATEMENT CONTINUED

The following statement is provided to enable readers of the Financial Statements of the University to obtain a better understanding of the governance and legal structure of the institution.

The University is committed to exhibiting best practice in all aspects of corporate governance and endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), and with the guidance to higher education institutions (HEIs) which has been provided by the Committee of University Chairmen (CUC) in its Guide for Members of Governing Bodies in the UK. The University has put systems in place for identifying, evaluating and managing its significant risks. The processes are reviewed regularly by the University under the guidance of a Risk Management Group, which reports to the Audit Committee.

The institution is independent, established as a Higher Education Corporation under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. Its objects, powers and framework of governance are set out in the Instrument, the latest version of which was approved by the Privy Council in 2017 when the University changed its name from Southampton Solent University to Solent University, and Articles of Government (latest version dated 2020).

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

The Board is the executive governing body, responsible for the finance, property, and human resource and employment policy of the institution. It is specifically required to determine the educational character and mission of the institution and to set its general strategic direction; and to appoint and determine the pay and conditions of service of the Vice-Chancellor, the Clerk to the Governors, and the holders of such other senior posts as the Board of Governors may determine.

The Board complies with the Committee of University Chairs (CUC) HE Code of Governance (2020) and has adopted the Statement of Primary Responsibilities as set out by the CUC in Appendix 1 of the Code, namely:

1. To set and agree the mission, strategic vision and values of the institution with the Executive.
2. To agree long-term academic and business plans and key performance indicators and ensure that these meet the interests of stakeholders, especially staff, students and alumni.
3. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the strategy, plans and key performance indicators, which are, where possible and appropriate, benchmarked against other comparable institutions.
4. To delegate authority to the Head of Institution for the academic, corporate, financial, estate and human resource management of the institution, and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Head of Institution.
5. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, risk assessment, value for money arrangements and procedures for handling internal grievances and managing conflicts of interest.
6. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.
7. To conduct its business in accordance with best practice in HE corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
8. To safeguard the good name and values of the institution.
9. To appoint the Head of Institution as Chief Executive and to put in place suitable arrangements for monitoring their performance.
10. To appoint a Secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.

11. To be the employing authority for all staff in the institution and to be accountable for ensuring that an appropriate human resources strategy is established.
12. To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall accountability for the institution's assets, property and estate.
13. To be the institution's legal authority and, as such, to ensure systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name. This includes accountability for health, safety and security and for equality, diversity and inclusion.
14. To receive assurance that adequate provision has been made for the general welfare of students.
15. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.
16. To ensure that the institution's constitution is always followed, and that appropriate advice is available to enable this to happen.
17. To promote a culture which supports inclusivity and diversity across the institution.
18. To maintain and protect the principles of academic freedom and freedom of speech legislation.
19. To ensure that all students and staff have opportunities to engage with the governance and management of the institution.

The Board has a majority of independent members, chosen in line with strict criteria contained in the legislation.

The Chair and the Vice Chair of the Board are elected from among the independent members every two years. There is also provision for the appointment of co-opted members, some of whom are members of the staff of the University, and for the appointment of a representative of the student body.

The Board of Governors adopted and published an Equality & Diversity policy in respect of its own membership in April 2015. During 2020-2021 the Board comprised a 45/55 ratio in female/male Governors, with 22% of members of non-white British ethnicity.

Before joining the Board, all members are required to provide a satisfactory fit and proper person declaration in accordance with public interest governance principles. In accordance with the Articles of Government, the University has appointed a Clerk to the Board. The Clerk provides independent advice on matters of governance to all Board members.

Board members have no financial interest in the Corporation and receive no remuneration from the University in respect of their duties as Governors other than reimbursement of reasonable expenses for travelling and subsistence.

The University maintains a Register of Interests of members of the Board and senior officers. The register is publicly available on the University's website.

Much of the detailed work of the Board is initially handled by its committees: Resources; Audit; Governance; and Remuneration. The decisions of these committees are formally reported to the Board. All of these committees are formally constituted with terms of reference and comprise mainly independent and co-opted members of the Board. Audit Committee and Remuneration Committee membership also each has an external co-opted member with expertise specific to those Committees. An evaluation of the business conducted by the Board and each of its committees concluded that each Committee's terms of reference had been covered during the year. Full, confidential, minutes of all of the Committees of the Board, and the Board itself, are published to Board members and redacted minutes are published on the University's website.

RESOURCES COMMITTEE

The Resources Committee considers and keeps under review such strategic aspects of people, finance, estates and resource management as are required for the fulfilment of the Strategic Plan. These include: the recommendation to the Board of Governors of an annual budget, both revenue and capital; regular monitoring of management accounts and progress of the capital programme against approval; advice to the Board of Governors on employment policy; approval of a framework for the pay and conditions of staff other than senior post-holders.

AUDIT COMMITTEE

The Audit Committee's remit includes advising the Board of Governors on the appointment of both external and internal auditors, agreeing their respective audit fees, and any questions of resignation or dismissal of the auditors; it considers and agrees an audit plan each year and the scope for the internal auditors in the context of key risks faced by the University; and reviews both the internal and external auditors' respective recommendations for improvement of the University's systems of internal control, governance and risk management arrangements, together with management's responses and implementation plans.

It reviews and recommends the annual financial statements to the Board and considers arrangements that are in place to promote economy, efficiency and effectiveness, and for the management and quality assurance of data submitted to the Office for Students (OfS) and the other funding bodies; receives and considers reports from OfS as they affect the University's business, and monitors compliance with the regulatory requirements; oversees the institution's policy in fraud and irregularity, and on reporting serious and reportable incidents; and whistleblowing and ensures that all significant losses have been properly investigated and reported.

The membership of the Audit Committee during 2020-21 is given below:

Name	Occupation	Qualification
Donald Iro	Managing Director, Allteks Ltd	BEng (Hons) Electronic Engineering
Harry Mears	Head of Social Housing, KPMG	MA, ACA
Lena Samuels	Communications Adviser, Director, WMG	Masters English Lit, Diploma in Public Affairs (CIPR)
James Rimmer	Managing Director, NHS Southampton City Clinical Commissioning Group	MBA, FCMA
John Simpson	Chief Executive Rockscool Limited, Director, Federation of Awarding Bodies	BA General Arts

Whilst senior executives attend the meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee meets with the external and internal auditors on their own prior to the start of the meeting which considers the University's Annual Financial Statements.

Following an annual self-evaluation in June 2021 of the work of the Audit Committee, members were satisfied that the Committee had discharged its duties in accordance with its terms of reference.



GOVERNANCE COMMITTEE

The Governance Committee keeps under review the membership of the Board of Governors and its Committees and makes recommendations to the Board for new, independent, and co-opted external members. It oversees the induction, training and development of the members of the Board; and ensures that the Board and its Committees evaluate their performance on a regular basis. The Committee is also responsible for recommending to the Board of Governors arrangements for the three-yearly review of the effectiveness of the Board and its committees as recommended by the Committee of University Chairs (CUC).

The Governance Committee also reviews the University's governing instruments on a regular basis and considers the effectiveness of the arrangements to select and recruit the Chair and Vice-Chair of the Board, the Clerk to Governors, and the University Chancellor and Vice-Chancellor.

REMUNERATION COMMITTEES: SENIOR LEADERSHIP TEAM AND VICE-CHANCELLOR

The Remuneration Committees, which comprise only independent members, determine the annual remuneration of the University's Vice-Chancellor and senior post-holders, the scheme for remuneration of staff on management contracts, and individual severance arrangements. The Committees are chaired by an Independent Governor, who is neither Chair nor Vice Chair of the Board, and membership includes Committee Chairs of Audit and Resources, the Chair of the Board, and a co-opted external member with a background in remuneration policy and strategy.

Solent University has adopted the CUC's HE Senior Staff Remuneration Code which was published in June 2018.

Governance arrangements during COVID-19

Although the Board of Governors typically meets at least four times each academic year, during 2020-21 the Board met seven times with monthly meetings from September to December 2020. All of the meetings of the Committees and the majority of the Board meetings were held virtually.

SOLENT FUTURE READY

Following Board approval in April, the Solent Future Ready (SFR) Task Group was formed comprising six Governors (including the Chair and Vice Chair of the Board) and six members of the Vice-Chancellor's Group. The role of the Solent Future Ready Task Group was to act as a sounding board and to keep all Governors informed regarding the project to ensure the success of Solent University post COVID-19, and its future financial sustainability. The SFR also received reports on OfS' changes to conditions of registration and reportable events.

The SFR Task Group met three times between May and July 2020 and minutes were circulated to all Board members. At each meeting the SFR Task Group considered detailed reports relating to the academic portfolio, finance, resources, estates and student recruitment as well briefings on OfS changes to the regulatory framework.

On 22 July 2020, the Board of Governors approved a new strategic plan and direction of travel for Solent University for the next five years to 2025. The Board received quarterly reports of progress against the strategic plan, from the SFR Governance Board, chaired by the DVC, Resources together with key performance indicators, during 2020/21.

STUDENT BOARD

The Student Board provides a channel for communication between the University and its student community on matters affecting the academic and social wellbeing of students. The Board is made up of university staff and students who have been elected by their peers or recruited through a competitive selection process to represent them. The Student Board strengthens the voice of Solent University students.

The Board is responsible for providing a forum for discussion where students can share ideas and concerns, actively contributing to University decision-making in promoting a positive student experience, Informing the University's management team about emerging issues for students, providing input to the development of policies and services that support students and advance the quality of learning and research activities and encouraging student feedback and sharing University initiatives resulting from student feedback.

ACADEMIC BOARD

Subject to the overall responsibility of the Board of Governors, the Academic Board has oversight of the academic affairs of the institution and draws its membership entirely from the staff and the students of the institution. It is particularly concerned with general issues relating to the teaching and research work of the institution.

The Vice-Chancellor is the head of the institution who has a general responsibility to the Board of Governors for the conditions of funding.

As the head of the institution, the Vice-Chancellor exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The deputy to the Vice-Chancellor and the senior administrative officers all contribute in various ways to organisation, direction and management of the University. Under the terms of the formal terms and conditions of funding between the University and the Office for Students (OfS), the Vice-Chancellor is the designated officer and, in that capacity, can be summoned to appear before the Public Accounts Committee of the House of Commons. She is required to advise the Board on the discharge of all its responsibilities under the terms and conditions of funding and its Audit Code of Practice and is required, jointly with the Board, to ensure that all such responsibilities are discharged. The Vice-Chancellor is required to advise the Board if, at any time, any action or policy under consideration by the Board appears to her to be incompatible with the terms and these aspects of the work, but the ultimate responsibility for what is done rests with the head of the institution.

Approved by the Board of Governors on 24 November 2021

And signed on its behalf by:



Phil Cotton Pro-Chancellor and Chairman of the Board of Governors



Professor Karen Stanton, Vice-Chancellor

RESPONSIBILITIES OF THE UNIVERSITY'S BOARD OF GOVERNORS

In accordance with the Education Reform Act 1988 and the Instrument and Articles of Government, the Board of Governors is responsible for the administration and management of the affairs of the University, including ensuring an effective system of internal control, and is required to present audited Financial Statements for each financial year.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the University and to enable it to ensure that the Financial Statements are prepared in accordance with the Education Reform Act 1988; Statement of Recommended Practice: Accounting for Further and Higher Education (2014); Accounts Direction of the Office for Students (OfS); Financial Reporting Standards FRS 102; and other relevant accounting standards.

In addition, within the terms and conditions of funding which sets out the conditions of funding from OfS, the Board of Governors, through its designated office holder, is required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

FINANCIAL STATEMENTS

In causing the Financial Statements to be prepared, the Board of Governors has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements 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.

Financial Statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Board of Governors is satisfied that it 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.

INTERNAL CONTROLS

As the Board of Governors of Solent University, we have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the governing body in the Instrument and Articles and the terms and conditions of registration and funding with the Office for Students (OfS).

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place throughout the year and up to the date of approval of the Financial Statements and accords with the OfS guidance.

The Board of Governors has responsibility for reviewing the effectiveness of the system of internal control. The University has established the following processes:

- The University has appointed external auditors, BDO, whose role is to provide an independent opinion on the University's annual financial statements. These statements summarise the University's financial performance during the year. The Board of Governors, on the advice of the Audit Committee, appoints the external auditor. BDO are invited to each Audit Committee meeting.
- The University's internal auditor is responsible for providing an independent appraisal of the University's financial and operational activities. The University's internal audit function is currently provided by PwC. The internal auditors report to the University's Audit Committee and attend each meeting. Among the internal auditors' main areas of audit are: key financial issues, risk management, value for money, internal controls and governance. The annual internal audit plan includes specific themed audits which are agreed by the Audit Committee and an annual internal audit departmental assurance survey which is completed by institutions. The audit plan is used to assess the internal controls and accounting systems in place in the University and is linked to risks identified in the University's Risk Register.

RESPONSIBILITIES OF THE UNIVERSITY'S BOARD OF GOVERNORS CONTINUED

- During the year, the internal auditors identified that a discrete area of the University's internal controls relating to information technology required significant improvement. The University developed an action plan to mitigate the risk identified and strengthen the control environment in this area. Internal audit completed a follow up review to monitor the progress against the action plan and reported that good progress had been made and that where high risk actions have not yet been fully implemented, the actions taken had reduced the level of risk associated with the control deficiencies. The continuing implementation of the action plan by the University will continue to be monitored by the Audit Committee on behalf of the Board.

The Board of Governors annually monitors the delivery of the University's Strategic Plan. As part of its monitoring process, the Board approves the Financial Forecast, which is subsequently submitted to OfS;

- The Board of Governors has requested the Audit Committee to provide oversight of risk management. A Risk Management Group has been established and the Audit Committee receives a report at each of its meetings on any movement in the major risks for the University identified for that year. Any matters of concern are reported to the Board of Governors;
- The Board of Governors has requested the Audit Committee to provide an opinion on the management and quality assurance of data provided to OfS, HESA, SLC and other public bodies. In order to provide the opinion, the Committee seeks and assesses information and evidence from management and auditors during the course of the year;
- The Board of Governors receives regular reports concerning internal control via the minutes of Audit Committee;
- The Audit Committee receives regular reports from Internal Audit which includes the Internal Auditor's independent opinion on the adequacy and effectiveness of the University's system of internal control together with recommendations for improvement;
- A regular process of meetings, workshops and discussions is used at both University level and cascaded through individual Faculties and services to identify and keep up to date the record of risks facing the University;
- A programme of risk awareness training is ongoing;
- A system of key performance and risk indicators has been developed;

- A robust risk prioritisation methodology based on risk ranking and cost-benefit analysis has been established;
- A University-wide risk register is maintained;
- Reports are received from budget holders, department heads and project managers on internal control activities.

Our review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the University, who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

From 1 August 2018, following a tender process, PwC was appointed as the University's internal auditors for a three-year period to 31 July 2021, with the option of a one-year extension. The internal auditor submits regular reports which include the internal auditor's independent opinion on the adequacy and effectiveness of the University's system of internal control together with recommendations for improvement.

In July 2019, after a tendering process, the Committee re-appointed BDO as the University's external auditors for a further four-year period from 1 August 2019. BDO has served as the University's external audit provider since 2004.

RESPONSIBILITIES OF THE UNIVERSITY'S BOARD OF GOVERNORS CONTINUED



COMPLIANCE WITH OFFICE FOR STUDENTS (OFS) CONDITIONS OF REGISTRATION

The Board of Governors is responsible for ensuring that the ongoing conditions of registration with the Office for Students are met.

Responsibility for compliance with the OfS ongoing conditions of registration are assigned to individual members of the Vice Chancellors Group, working with senior staff in the services. Reports, and updates to, the OfS' regulatory framework are presented to the Board of Governors and the Vice-Chancellor's Group. Relevant papers are marked with the appropriate OfS condition reference. Reportable events are logged and reported to Audit Committee and to the full Board of Governors.

On 30 March 2021, the Office for Students confirmed that 'following our review of the information you have submitted we can confirm that we have no queries about this submission. In its Prevent monitoring: guidance for accountability and data returns 2020, the Office for Students had confirmed that it would not issue compliance judgements for this particular process.'

REVIEW OF EFFECTIVENESS OF GOVERNANCE ARRANGEMENTS

The CUC's Higher Education Code of Governance 2020, which Solent University has adopted, states that: 'governing bodies must conduct a regular, full and robust review of their effectiveness and that of their committees, reviews must be conducted at least every four years with an annual summary of progress towards achieving any outstanding actions arising from the last effectiveness reviews.'

The latest effectiveness review was carried out at the start of 2019-20 using a survey of Governors provided and customised for Solent University by Advance HE. The main purpose of the review was to assess the quality of enabling factors required for effective governance, namely: commitment to the organisation and vision, structures and processes, effective membership, strategic development and performance measurement, communication and information, and future governance. It also sought feedback on the quality of working relationships and boardroom behaviour, and the outcomes of Board and committee proceedings.

The results were very positive and confirmed a high level of confidence in the effectiveness of Solent University current governance arrangements, communication and relationships. Recommendations for enhancement of board effectiveness were approved by the Board in November 2019 together with an action plan. A regular report on progress is presented to both Governance Committee and the Board.

The next review will be carried out by the end of 2022-23.

The Governors who held office at the date of approval of this report confirm that, so far as they are aware, there is no relevant audit information of which the University's auditors are unaware; and each Governor has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the University's auditors are aware of the information.

Approved by the Board of Governors on 24 November 2021 and signed on its behalf by:

Phil Cotton
Pro-Chancellor and Chairman of the Board of Governors



INDEPENDENT AUDITOR'S REPORT

OPINION ON THE FINANCIAL STATEMENTS

In our opinion, the financial statements:

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

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

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

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the University's Board of 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 the Group and University'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 University's Board of Governors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The University's Board of Governors are responsible for the other information. Other information comprises the information included in the Financial Statements. Other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information including the Welcome from the Pro-Chancellor and Chairman of Governors and the Vice-Chancellor, The Financial Highlights, the Strategic Report and the Corporate Governance Statement and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS REQUIRED BY THE OFFICE FOR STUDENTS ("OFS") AND RESEARCH ENGLAND

In our opinion, in all material respects:

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

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

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

RESPONSIBILITIES OF THE UNIVERSITY'S BOARD OF GOVERNORS

As explained more fully in the University's Board of Governors responsibilities statement set out on page 51 - 53, the members of the governing body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the University's Board of 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 University's Board of Governors are responsible for assessing the Group and the University'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 University's Board of Governors either intends to liquidate the Group or the University or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

EXTENT TO WHICH THE AUDIT WAS CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, including direct representation from the Accountable Officer
- Reviewing minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, Research England and OfS to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility
- Reviewing items included in the fraud register as well as the results of internal audit's investigation into these matters
- Challenging assumptions made by management in their significant accounting estimates
- In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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



USE OF OUR REPORT

This report is made solely to the University's Board of Governors, as a body, in accordance with Section 75 of the Higher Education Research Act 2017. Our audit work has been undertaken so that we might state to the University's Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University's Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

David I Anson

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David I Anson (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
Southampton

29 November 2021

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



Image: Southampton Pride 2021, Chloe Schuil-Brewer

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.

Basis of preparation

These Financial Statements have been prepared under the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments), in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standards FRS 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

Going Concern

Alongside other HE institutions, Solent University has experienced financial challenges in 2020-21 due to COVID 19, although the year end outturn is better than forecast.

2020-21 was a challenging year and the impact of COVID-19 was felt across the University's operations. The University has developed tools and strategies to mitigate the impact of COVID-19 and allow our students to continue their studies.

The direct and indirect impact of COVID-19 continues to impact the University financial position and casts uncertainty on the University's forecasting. The areas of uncertainty include the risks associated with student recruitment, both home and international students as well as loss of accommodation income and other demand-led income. The other major risk is related to the unpredictable duration and impact of the pandemic, which may affect the competitive environment and the Higher Education sector as a whole.

Last year, in order to mitigate short-term financial risks, the University reviewed its financial plan for the period up to and including the 2021-22 academic year and stress tested various scenarios and future covenants. Although the Executive and Board of Governors were of the view that the financial forecast approved in October 2020 could be delivered within its existing facilities, under certain downside scenarios the University could have breached some of its annual bank covenants at the end of July 2021.

As a response to the potential impact on covenants of these scenarios, agreement was reached with all the University's banks to either reset or waive the potentially affected covenants when next measured at 31 July 2021, providing additional headroom should it be required.

Through a combination of a review of financial plans based on recruitment levels for 2021-22, cash flow forecast, stress test and covenant resets and waivers for 31 July 2021 and 31 July 2022, the Executive and the Board of Governors consider that Solent University has adequate resources to justify preparing the financial statements on a going concern basis.

Basis of Consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2021.

Solent University Limited (SUL) and Solent University Services Limited (SUS) are wholly owned subsidiaries of the University. Solent Campus Pathway Limited is a 51% owned subsidiary consolidated on the basis that the University has a controlling interest in the company.

The consolidated Financial Statements do not include those of the Solent Students' Union as it is a separate unincorporated association in which the University has no financial interest and no control or significant influence over policy decisions.

Income Recognition

All income from tuition fees, short-term deposits and other operating income is credited to the Consolidated Statement of Comprehensive Income and Expenditure on a receivable basis.

Fee income is stated gross of any expenditure which is not a discount. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

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

Grant and Donations, including Capital and Research

Grant funding including funding council block grant, research grants from government sources, grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance related conditions have been met.

Income received in advance of performance related

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
CONTINUED

conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Research and Development

Research and development expenditure is written off in the year incurred.

Building Maintenance

Expenditure on building maintenance is charged to the Income and Expenditure Account in the year in which it is incurred. The University maintains a rolling ten-year long-term maintenance plan, which is reviewed on a regular basis. Only to the extent that the costs arise under dilapidation clauses within operating leases is a regular charge made to the Income and Expenditure Account on the basis that the dilapidating event is deemed to be the passage of time, subject to periodic valuation.

Fixed Assets

i. Inherited Assets – land and buildings

As a consequence of the Education Reform Act 1988, the freehold interest in the land and buildings occupied by the University was transferred from Hampshire County Council with effect from 1 April 1989. These were not valued prior to transfer. On 31 July 1998 a valuation of the open market for existing use was made by Chesterton International Limited, a firm of international property advisors, using the depreciated replacement cost basis.

The University will account for its property, plant and equipment using the cost method. Under the transitional arrangements of FRS102, a valuation of the University's inherited assets was carried out by BNP Paribas Real Estate as at 31 July 2014. This valuation is the deemed cost, subject to annual testing for indicators of impairment.

ii. Assets acquired after incorporation

Tangible asset additions whose cost of acquisition exceeds £10,000 are capitalised. Items costing less than this are written off in the year of purchase.

iii. Assets under construction

Assets under construction represent the costs of assets under development. As these assets become complete and operational they are transferred to the appropriate asset category and depreciated over their useful lives.

Depreciation

Depreciation is provided on all tangible assets other

than freehold or long leasehold land and assets under construction, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset systematically over its expected useful life, as follows:

Freehold buildings	over 50 years *
Long leasehold buildings	over the life of the lease up to 50 years. For leases longer than 50 years, over the greater of 50 years or 75% of the life of the lease.
Building refurbishments	over 15 years
Computer equipment and software	over 3 to 10 years
Other equipment	over 5 to 15 years
Vehicles	over 5 years
Vessels	over 5 to 15 years

*Where the major components of freehold buildings have significantly different useful lives, the initial cost or the replacement cost of a component shall be allocated to its major components and each component depreciated separately over its useful life.

Stocks are mainly departmental and have limited realisable value. They are written off in the year, as their value is not material to the accounts of the University. Expenditure on consumables is charged fully to revenue in the year of purchase.

Financial Instruments

i. Financial assets

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

ii. Financial liabilities and equity

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

Hedge accounting

The University utilises variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each reporting date by the issuing bank. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and included

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
CONTINUED

within I&E unrestricted reserves. Any ineffective portion of those movements are recognised in the statement of comprehensive Income and Expenditure for the period.

Taxation

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993), and, is considered to pass the tests set out in Paragraph 1 Schedule 6 to the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471 and 478-488 of the CTA2010 (formerly s505 ICTA 1988) or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

Provisions

A provision is recognised in the Financial Statements when a present legal or constructive obligation arising from past events exists, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Leased Assets

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the University and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the Balance Sheet. The interest elements of the rental obligations are charged in the Income and Expenditure Account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the Income and Expenditure Account on a systematic basis.

Pensions

The University has 2 principal pension schemes for staff, the Teachers' Pension Scheme (TPS) and the Hampshire County Council Local Government Pension Scheme

(HCCLGPS). The schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension.

The assets of the TPS are held in a separate trustee-administered fund. Because of the nature of the scheme, the scheme's assets are not hypothecated to individual institutions and scheme-wide contribution rates are set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of these scheme on a consistent and reasonable basis and therefore as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the schemes in respect of the accounting period.

The University is able to identify its share of assets and liabilities of the HCCLGPS.

In addition, a small number of staff are members of the Universities Superannuation Scheme (USS). Under FRS 102, deficit recovery plans for multi-employer pensions schemes, such as USS will need to be recognised as a liability on the Balance Sheet and unwound over time as the liability is discharged.

Solent University Services Limited operates a defined contribution pension scheme for its employees.

Employment benefits

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

Redundancy costs paid to employees predominately represent cash redundancy payments, pension contributions and payments in lieu of notice which are charged to the Income and Expenditure Account when the redundancy is confirmed with an employee.

Reserves

Reserves are classified as restricted or unrestricted. Restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES CONTINUED

Cash Flows and Cash Equivalents

Cash flows comprise increases or decreases in cash. Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are insignificant risk of change in value.

Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year-end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the year.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.
- The underlying assumptions in relation to the estimate of the present value of the obligation in respect of the funding deficit plan for the USS pension scheme such as the salary inflation over the period of the funding deficit plan and the discount rate to be used.

Other key sources of estimation uncertainty:

i. Tangible fixed assets (see note 11)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

ii. Investments (see notes 12)

The most critical estimates, assumptions and judgements relate to the determination of carrying value of unlisted investments. In determining this amount, the Group applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology.

iii. Trade receivables (see note 13)

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on the debtor balances based on the ageing of debts and historic results of known recoverability.

iv. Compensated absences accrual (see note 15)

An estimate is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured as the undiscounted salary cost of the future holiday entitlement as accrued at the balance sheet date.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
YEAR ENDED 31 JULY 2021

	Notes	Consolidated		University	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
INCOME					
Tuition fees and education contracts	1	96,036	87,030	94,655	85,772
Funding body grants	2	8,270	6,657	8,270	6,657
Research grants and contracts	3	170	95	170	95
Other income	5	8,124	11,805	8,476	12,443
Investment income	6	5	161	5	160
Donations and endowments	7	30	60	30	60
Total income		112,635	105,808	111,606	105,187
EXPENDITURE					
Staff costs	8	58,764	61,406	55,681	58,567
Other operating expenses		41,573	37,084	43,679	39,144
Depreciation	12	9,101	8,789	8,914	8,605
Interest and other finance costs	9	3,066	2,966	3,066	2,962
Total expenditure	10	112,504	110,245	111,340	109,278
Surplus/(Loss) before other gains		131	(4,437)	266	(4,091)
Gain on disposal of fixed assets		-	1,150	-	1,150
Gain/(Loss) on investments		207	(19)	207	(19)
Surplus/(Loss) before tax		338	(3,306)	473	(2,960)
Taxation	11	-	-	-	-
Surplus/(Loss) for the year		338	(3,306)	473	(2,960)
Other comprehensive expenditure					
Actuarial Gain/(loss) in respect of pension schemes	19	18,526	(45,121)	18,526	(45,121)
Fair value Gain/(loss) in respect of cash flow hedge		1,526	(1,608)	1,526	(1,608)
Total comprehensive Income/(expenditure) for the year		20,390	(50,035)	20,525	(49,689)
Represented by:					
Endowment comprehensive income for the year		-	38	-	38
Restricted comprehensive income for the year		237	50	237	50
Unrestricted comprehensive income/(expenditure) for the year		20,153	(50,123)	20,288	(49,777)
Gain/(Loss) attributable to the University		20,390	(50,035)	20,525	(49,689)
Attributable to the non-controlling interest		-	4	-	-
		20,390	(50,031)	20,525	(49,689)

CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES
YEAR ENDED 31 JULY 2021

Consolidated	Endowment	Restricted	Unrestricted	Total	
				excluding NCI	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2019	1,097	19	81,821	82,937	(4) 82,933
Surplus/(deficit) from the I & E statement	38	50	(3,394)	(3,306)	4 (3,302)
Other comprehensive expenditure	-	-	(46,729)	(46,729)	- (46,729)
Transfer of funds	(1,135)	1,108	27	-	-
Total comprehensive Income/(expenditure)	(1,097)	1,158	(50,096)	(50,035)	4 (50,031)
Balance at 1 August 2020	-	1,177	31,725	32,902	- 32,902
Surplus from the I & E statement	-	237	101	338	- 338
Other comprehensive income	-	-	20,051	20,052	- 20,052
Transfer of funds	-	(58)	58	-	-
Total comprehensive Income	-	179	20,210	20,390	- 20,390
Balance at 31 July 2021	-	1,356	51,935	53,292	- 53,292
University					
	Endowment	Restricted	Unrestricted	Total	
	£'000	£'000	£'000	excluding NCI	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2019	1,097	19	81,463	82,579	82,579
Surplus/(deficit) from the I & E statement	38	50	(3,048)	(2,960)	(2,960)
Other comprehensive expenditure	-	-	(46,729)	(46,729)	(46,729)
Transfer of funds	(1,135)	1,108	27	-	-
Total comprehensive Income/(expenditure)	(1,097)	1,158	(49,750)	(49,689)	(49,689)
Balance at 1 August 2020	-	1,177	31,713	32,890	32,890
Surplus from the I & E statement	-	237	236	473	473
Other comprehensive income	-	-	20,051	20,051	20,051
Transfer of funds	-	(58)	58	-	-
Total comprehensive Income	-	179	20,345	20,524	20,524
Balance at 31 July 2021	-	1,356	52,058	53,414	53,414

CONSOLIDATED AND UNIVERSITY BALANCE SHEET AS AT 31 JULY 2021

CONSOLIDATED CASH FLOW STATEMENT YEAR ENDED 31 JULY 2021

	Notes	Consolidated		University	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Non-current assets					
Fixed assets	12	174,966	180,732	172,152	177,732
Investments	13	53	55	3,104	3,106
		<u>175,019</u>	<u>180,787</u>	<u>175,256</u>	<u>180,838</u>
Current assets					
Trade and other receivables	14	9,562	9,931	9,317	10,779
Current investments	15	1,322	1,114	1,322	1,114
Cash and cash equivalents		26,382	17,219	25,307	16,052
		<u>37,266</u>	<u>28,264</u>	<u>35,946</u>	<u>27,945</u>
Less creditors falling due within one year	16	(23,907)	(22,553)	(22,701)	(22,297)
Net current assets		<u>13,359</u>	<u>5,711</u>	<u>13,245</u>	<u>5,648</u>
Total assets less current liabilities		<u>188,378</u>	<u>186,498</u>	<u>188,501</u>	<u>186,486</u>
Creditors: due after more than one year	17	(34,191)	(39,096)	(34,191)	(39,096)
Provisions					
Pension provisions	19	(98,503)	(111,315)	(98,503)	(111,315)
Other provisions	19	(2,393)	(3,185)	(2,393)	(3,185)
TOTAL NET ASSETS		<u>53,291</u>	<u>32,902</u>	<u>53,414</u>	<u>32,890</u>
Restricted Reserves					
I & E reserve - restricted reserve	21	1,356	1,177	1,356	1,177
Unrestricted Reserves					
I & E reserve - unrestricted		51,935	31,725	52,058	31,713
		<u>53,291</u>	<u>32,902</u>	<u>53,414</u>	<u>32,890</u>
Non-controlling interest		-	-	-	-
TOTAL RESERVES		<u>53,291</u>	<u>32,902</u>	<u>53,414</u>	<u>32,890</u>

	Notes	2021	2020
		£'000	£'000
Cash flow from operating activities			
Surplus/(Deficit) for the year before tax		338	(3,306)
Adjustment for non-cash items			
Depreciation	12	9,101	8,789
(Gain)/Loss on investments	20	(207)	19
Decrease/(Increase) in debtors	14	369	(3,182)
Increase in creditors	16	1,126	2,187
Pension cost less contribution payable	19	5,708	3,222
(Decrease)/Increase in other provisions	19	(792)	858
Adjustment for investing or financing activities			
Investment income	6	(5)	(161)
Interest payable	9	1,541	1,702
Gain on the sale of fixed assets		-	(1,150)
Capital Grant Income	2	(869)	(523)
Net cash inflow from operating activities		<u>16,310</u>	<u>8,455</u>
Cash flows from investing activities			
Proceeds from sales of fixed assets		-	1,150
Capital Grant Receipts		784	464
Withdrawal of deposits		-	1,119
Investment income		5	161
Payments made to acquire fixed assets		(3,132)	(8,263)
New non-current asset investments		-	(1,148)
		<u>(2,343)</u>	<u>(6,517)</u>
Cash flows from financing activities			
Interest paid		(1,535)	(1,693)
Interest element of finance lease		(6)	(9)
Repayments of amounts borrowed		(3,150)	(2,780)
Capital element of finance lease		(113)	(109)
		<u>(4,804)</u>	<u>(4,591)</u>
Increase/(Decrease) in cash and cash equivalents in the year		<u>9,163</u>	<u>(2,653)</u>
Cash and cash equivalents at beginning of the year		17,219	19,872
Cash and cash equivalents at end of the year		26,382	17,219

These Financial Statements were approved and authorised for issue by the Board of Governors on 24 November 2021.

Phil Cotton
Pro-Chancellor and Chairman of the Board of Governors


Professor Karen Stanton
Vice-Chancellor

The Notes on pages 37 to 56 form part of these Financial Statements

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2021

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
1. TUITION FEES AND EDUCATIONAL CONTRACTS				
Full-time home and EU students	74,003	69,793	74,003	69,793
Full-time international students	11,888	7,330	11,888	7,330
Part-time students	1,305	1,975	1,305	1,975
Non credit bearing course fees	4,945	4,380	4,582	3,767
Apprenticeship Fees	2,749	2,654	2,749	2,654
Other	1,146	883	128	238
Research Training Support Grant	-	15	-	15
	96,036	87,030	94,655	85,772

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
2. FUNDING BODY GRANTS				
Recurrent grant				
Office for Students	4,291	4,493	4,291	4,493
Research England	253	246	253	246
Capital grant	869	523	869	523
Special initiatives	2,857	1,395	2,857	1,395
	8,270	6,657	8,270	6,657

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
3. RESEARCH GRANTS AND CONTRACTS				
Research councils	38	7	38	7
Research charities	16	-	16	-
Government (UK and overseas)	105	59	105	59
Other	11	29	11	29
	170	95	170	95

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
4. THE SOURCE OF GRANT AND FEE INCOME, INCLUDED IN NOTES 1 TO 3 IS AS FOLLOWS				
Grant income from the OfS	5,160	5,016	5,160	5,016
Grant income from other bodies	3,110	1,641	3,110	1,641
Fee income for taught awards (exclusive of VAT)	91,091	82,650	90,073	82,005
Fee income for research awards (exclusive of VAT)	170	95	170	95
Fee income from non-qualifying courses (exclusive of VAT)	4,945	4,380	4,582	3,767
Total grant and fee income	104,476	93,782	103,095	92,524

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2021
CONTINUED

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
5. OTHER OPERATING INCOME				
Residences, catering and conferences	4,852	7,780	4,851	7,558
Other services rendered	1,399	1,388	1,166	1,328
Other income	1,873	2,637	2,459	3,557
	8,124	11,805	8,476	12,443

	Notes	Consolidated		University	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
6. INVESTMENT INCOME					
Investment income on endowments	20	-	49	-	49
Other investment income		5	112	5	111
		5	161	5	160

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
7. DONATIONS				
Donations with restrictions	30	60	30	60
	30	60	30	60

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
8. STAFF COSTS				
Salaries	39,783	44,073	37,130	41,596
Social security costs	4,055	4,733	3,846	4,547
Other pension costs	8,828	8,995	8,616	8,819
Movement on pension provision	4,183	1,958	4,183	1,958
Redundancy costs	1,915	1,647	1,906	1,647
Total	58,764	61,406	55,681	58,567

Redundancy staff numbers	109	68	109	68
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	Consolidated		University	
	2021	2020	2021	2020
	£	£	£	£
Emoluments of Former Vice-Chancellor (Aug-19 - Sept-19):				
Salary	-	37,579	-	37,579
Performance-related pay	-	11,074	-	11,074
Total	-	48,653	-	48,653
Pension payments in lieu	-	6,631	-	6,631
Total	-	55,284	-	55,284

	Consolidated		University	
	2021	2020	2021	2020
	£	£	£	£
Emoluments of Interim Vice-Chancellor (Oct-19 - Jan-20):				
Salary	-	57,810	-	57,810
Pension contributions	-	13,689	-	13,689
Total	-	71,499	-	71,499

8. STAFF COSTS (CONTINUED)

	Consolidated		University	
	2021	2020	2021	2020
Emoluments of Vice-Chancellor Commenced Feb-20:	£	£	£	£
Salary	210,000	105,000	210,000	105,000
Total	210,000	105,000	210,000	105,000

The remuneration of the Vice-Chancellor is set by the University's Remuneration Committee. The Remuneration Committee is chaired by a member of the Governing Body with three independent governors (including the Chair of the Board of Governors) and one independent specialist. The committee framework for decision making takes into account guidance from the CUC HE Senior Staff Remuneration Code (June 2018) and the CUC HE Code of Governance October (2020).

In determining the remuneration of the Vice-Chancellor consideration will be given to established independent sources of benchmark reward data for roles in comparable organisations. Sources include the annual UCEA Senior Staff Remuneration Survey and the Annual Survey of Vice-Chancellor's Remuneration from the Committee of University Chairs (CUC).

The committee also consider the performance of the Vice-Chancellor via the annual Performance Development Review carried out by the Chair of the Board of Governors. This is based on a discussion of achievement against objectives over the preceding 12 months and contribution to the environment and shape of the University, delivery of the University's strategic vision and the overall performance of the University. In preparation for the Performance Development Review (PDR), the Chair of Governors shall consider the views of members of the Board of Governors.

Following these discussions and the PDR meeting the Chair of Governors will present an assessment of performance against objectives together with recommendations to the Remuneration Committee (Vice-Chancellor) for consideration. Formal minutes will provide a written record of the assessment.

Vice-Chancellors pay as a multiple of the median employee of the University per the Office for Students accounts direction.

	2021		2020	
	No.	No.	No.	No.
Multiples for Former Vice-Chancellor (Aug-19 - Sept-19):				
Basic pay	-	6.5	-	6.5
Total remuneration	-	6.5	-	6.5
Multiples for Interim Vice-Chancellor (Oct-19 - Jan-20):				
Basic pay	-	4.0	-	4.8
Total remuneration	-	4.8	-	4.8
Multiples for Vice-Chancellor Commenced Feb-20				
Basic pay	5.9	6.0	5.6	5.4
Total remuneration	5.6	5.4		

8. STAFF COSTS (CONTINUED)

Remuneration of other higher paid staff, not including the Vice Chancellor

	2021		2020	
	No.	No.	No.	No.
£100,000 to £104,999	2	-	2	-
£105,000 to £109,999	-	1	-	1
£110,000 to £114,999	2	-	2	-
£115,000 to £119,999	-	1	-	1
£125,000 to £129,999	1	-	1	-
£130,000 to £134,999	1	1	1	1
£140,000 to £144,999	1	-	1	-
£170,000 to £174,999	-	1	-	1
	7	4	7	4

The table above includes the remuneration of the Deputy Vice-Chancellor for 2020-21. This includes the remuneration received for the period Oct-19 to Jan-20 when they were employed as the Interim Vice-Chancellor. During 2019-20, the senior management team experienced changes in personnel which is reflected in the lower number of higher paid staff compared to 2020-21.

	Consolidated		University	
	2021	2020	2021	2020
Average staff numbers by major category :	FTE	FTE	FTE	FTE
Academic Departments	534	567	527	558
Administration	249	299	193	229
Academic Services	158	181	138	158
Premises	44	54	39	48
Residences, Catering and Conferences	14	13	8	11
Research Grants and Contracts	7	12	7	12
	1,006	1,126	912	1,016

Compensation for loss of office nil (19-20 £95k)

Key management personnel

Key management personnel are those staff with authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel.

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
	1,887	2,023	1,887	2,023

Emoluments

Governors receive no remuneration in respect of their duties as Governors other than for the reimbursement of travel and subsistence expenses incurred in the course of those duties.

9. INTEREST AND OTHER FINANCIAL COSTS	Notes	Consolidated		University	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Loan interest		1,535	1,693	1,535	1,689
Finance lease interest		6	9	6	9
Net charge on pension scheme	19	1,525	1,264	1,525	1,264
		3,066	2,966	3,066	2,962

10. ANALYSIS OF TOTAL EXPENDITURE	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Other operating expenses include:				
External auditors in respect of audit services	62	63	55	53
External auditors in respect of non-audit services	22	12	13	4
Operating lease rentals				
Land and buildings	1,299	4,717	1,299	4,717
Other	165	136	165	136

11. TAXATION

No corporation tax charge (2020: no charge) arises on consolidation as a result of taxable profits in a subsidiary undertaking. Under the Education Reform Act 1998 the University obtained charitable status, consequently it is not liable to corporation tax on its income and gains. No deferred taxation has been provided in the accounts on the basis that future taxable profits of all subsidiary companies will be paid to the University by way of Deed of Covenant.

12. FIXED ASSETS

Consolidated	Freehold and Leasehold				
	Land	Building	Asset Under Construction	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 August 2020	21,915	183,105	8,102	27,434	240,556
Additions	-	-	701	2,633	3,334
Transfers	-	1,819	(1,819)	-	-
Disposals	-	(321)	-	(5,565)	(5,886)
At 31 July 2021	21,915	184,603	6,984	24,502	238,004
Depreciation					
At 1 August 2020	-	41,533	-	18,291	59,824
Charge for the year	-	6,633	-	2,468	9,101
Disposals	-	(321)	-	(5,565)	(5,886)
At 31 July 2021	-	47,845	-	15,193	63,038
Net Book Value at 31 July 2021	21,915	136,758	6,984	9,309	174,966
Net Book Value at 31 July 2020	21,915	141,572	8,102	9,143	180,732

University	Freehold and Leasehold				
	Land	Building	Asset Under Construction	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 August 2020	21,595	180,578	8,102	26,362	236,637
Additions	-	-	701	2,633	3,334
Transfers	-	1,819	(1,819)	-	-
Disposals	-	(321)	-	(5,565)	(5,886)
At 31 July 2021	21,595	182,076	6,984	23,430	234,085
Depreciation					
At 1 August 2020	-	41,006	-	17,899	58,905
Charge for the year	-	6,583	-	2,331	8,914
Disposals	-	(321)	-	(5,565)	(5,886)
At 31 July 2021	-	47,268	-	14,665	61,933
Net Book Value at 31 July 2021	21,595	134,808	6,984	8,765	172,152
Net Book Value at 31 July 2020	21,595	139,572	8,102	8,463	177,732

Leased assets included above:	Freehold and Leasehold				
	Land	Buildings	Asset Under Construction	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Net Book Value at 31 July 2021	712	-	-	313	1,025
Net Book Value at 31 July 2020	712	-	-	424	1,136

13. NON-CURRENT INVESTMENTS

	Subsidiary companies	Other fixed assets investments	Total
	£'000	£'000	£'000
Consolidated			
At 1 August 2020	-	55	55
Impairment	-	(2)	(2)
At 31 July 2021	-	53	53
University			
At 1 August 2020	3,051	55	3,106
Additions	-	-	-
Impairment	-	(2)	(2)
At 31 July 2021	3,051	53	3,104

The non-current investments have been valued at cost less impairment.

Subsidiary Undertakings

The University owns 100% of the issued ordinary share capital of £2.55 million (2020: £2.55 million) of Solent University Limited, a company registered in England.

The main activities of this undertaking are to provide short courses, training and facilities, consultancy services, and meals and accommodation for employees of other organisations using the company's facilities for their own training programmes.

The University owns 100% of the issued ordinary share capital of £0.5 million (2020: £0.5 million) of Solent University Services Limited, a company registered in England on the 19th July 2018.

The main activities of this undertaking are to provide education support services.

The University owns 51% of the issued ordinary share capital of £1,000 of Solent Pathway Campus Limited. The main activity of the company is to deliver foundation courses allowing access to undergraduate courses at Solent.

	Consolidated and University
	£'000
Other Fixed Asset Investments	
HCB Holding Ltd	53
A not for profit bank, aimed at supporting the local economy	53

14. TRADE AND OTHER RECEIVABLES

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Research grant receivable	99	31	99	31
Trade receivables	4,059	6,446	3,923	6,367
Other receivables	3,831	2,021	2,664	1,860
Prepayments and accrued income	1,573	1,433	1,573	1,425
Amounts due from subsidiary companies	-	-	1,058	1,096
	9,562	9,931	9,317	10,779

15. CURRENT INVESTMENTS

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Short term investment in COIF Charities Investment Funds	1,322	1,114	1,322	1,114
	1,322	1,114	1,322	1,114

The investments are publicly traded and are valued at the year end at fair value through the income and expenditure. The investment re-invests all income. The unrealised gain was £208k (2020 loss of £12k)

16. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Secured loans	3,263	3,151	3,263	3,151
Obligations under finance leases	117	114	117	114
Trade payables	8,285	7,516	8,206	7,322
Social security and other taxation payable	1,158	1,217	994	1,171
Salaries and wages	3,428	3,431	3,348	3,358
Accruals and deferred income	5,473	5,461	4,292	5,230
Other payables	2,183	1,663	2,138	1,648
Amounts due to subsidiary companies	-	-	343	303
	23,907	22,553	22,701	22,297

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2021
CONTINUED

17. CREDITORS : DUE AFTER MORE THAN ONE YEAR	Consolidated		University				
	2021	2020	2021	2020			
	£'000	£'000	£'000	£'000			
Obligations under finance lease	120	237	120	237			
Secured loans	32,091	35,353	32,091	35,353			
Interest rate swap-cash flow hedge	1,980	3,506	1,980	3,506			
Total creditors due after more than one year	34,191	39,096	34,191	39,096			
Analysis of finance lease:							
Due within one year or on demand (Note 16)	117	120	117	120			
Due between one and two years	120	120	120	120			
Due between two and five years		120		120			
	120	240	120	240			
less: finance charges allocated to future years	-	(10)	-	(10)			
Total obligations under finance lease	237	350	237	350			
Analysis of secured and unsecured loans:							
Due within one year or on demand (Note 16)	3,263	3,151	3,263	3,151			
Due between one and two years	3,386	3,263	3,386	3,263			
Due between two and five years	10,430	10,560	10,430	10,560			
Due in five years or more	18,275	21,530	18,275	21,530			
Due after more than one year	32,091	35,353	32,091	35,353			
Total secured and unsecured loans	35,354	38,504	35,354	38,504			
Secured loans amortised to 2040	35,354	38,504	35,354	38,504			
	35,354	38,504	35,354	38,504			
Included in loans are the following:							
Borrower	Lender	Interest rate %	Term	Amount	Amount	Amount	Amount
				£'000	£'000	£'000	£'000
University	Allied Irish Bank	8.11	2026	8,853	10,359	8,853	10,359
University	Lloyds Bank	2.414	2023	8,230	8,874	8,230	8,874
University	Lloyds Bank	2.414	2023	18,271	19,271	18,271	19,271
				35,354	38,504	35,354	38,504

Allied Irish Bank hold security over Chantry, Deanery and David Moxon Annexe, for which the loan was used to purchase the freehold interest in the properties.

The Lloyds Bank loans are secured by a first legal charge over The Spark. The loans will terminate in 2023 and are amortised until 2040 and 2034 respectively, in accordance with the loan repayment schedules. The University intends to refinance the loans in 2022-23. The University has an undrawn credit facility of £10m with Lloyds Bank.

There is also an undrawn credit facility of £15m from Barclays Bank that is secured on Kimber Halls of Residence and Mountbatten Library.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2021
CONTINUED

18. FINANCIAL INSTRUMENTS	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Financial assets that are debt instrument measured at amortised cost	34,371	25,717	33,051	25,406
Financial liabilities measured at amortised cost	(50,847)	(51,410)	(50,670)	(51,438)
Derivative financial instruments designated as hedges of variable interest rate risk	(1,980)	(3,506)	(1,980)	(3,506)

Financial assets measured at amortised cost comprise cash, trade receivables, research grant receivables, other receivables and amounts due from subsidiary companies.

Financial liabilities measured at amortised cost comprise secured loans, finance leases, trade payables, salaries and wages, accruals, other payables and amounts due to subsidiary companies.

Derivative financial instruments designated as hedges of variable interest rate risk comprise interest rate swaps.

19. PROVISIONS FOR LIABILITIES AND CHARGES

	Consolidated and University					
	USS	HCC	Leasehold		Sports	
	Pension	Pension	Dilapidation	Reorganisation	Building VAT recovery	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2020	307	111,008	1,505	801	879	114,500
Utilised in year	-	-	-	(419)	(785)	(1,204)
Additions	-	-	1,222		-	1,222
Released in year	(96)	(12,716)	(499)	(217)	(94)	(13,622)
At 31 July 2021	211	98,292	2,228	165	0	100,896

Reorganisation provision

The reorganisation provision represents obligations due to employees where restructuring agreements have been reached with employees under the Universities redundancy programme prior to the year end.

Leasehold Dilapidation provision

The leasehold dilapidation provisions represents obligations under the leases of the existing properties to make good dilapidations prior to the expiry of each lease.

Sports Building provision

The University has reached a settlement with HMRC on its VAT partial exemption capital sector.

19. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Teachers' Pension Scheme

Under the definitions set out in Financial Reporting Standard 102, the Teacher's pension scheme (TPS) is a multi-employer pension scheme. As the TPS is underwritten by central government and the University has no future obligation to make contributions to the scheme, this is effectively a defined contribution scheme in so far as it affects the University. As a result, contributions to this scheme are accounted for as if the scheme was a defined contribution scheme.

The University has set out below the information available on the Scheme and the implications for the University in terms of the anticipated contribution rates.

The employers' contribution rates for the University's academic staff was 23.68%.

The total pension contributions for the University in respect of current employees were:

	2021	2020
	£000	£000
Contributions to Teachers' Pension Scheme	4,123	3,703

The Teachers' Pension Scheme is a statutory, contributory, unfunded, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. Contributions are credited to the Exchequer on a "pay as you go" basis under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purposes of determining contribution rates.

The last valuation of the TPS was published 5 March 2019 for the valuation date 31 March 2016. The Government Actuary's report revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £218.1 billion. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £196.1 billion. The assumed real rate of return is 2.8% for 2019 decreasing to 2.4% post 2019 in excess of prices. The rate of real earnings growth is assumed to be 2.2%. The assumed gross rate of return is 4.86%.

Hampshire County Council Local Government Pension Scheme

The Hampshire County Council Local Government Pension Scheme (HCCLGPS) is valued every three years by a professionally qualified independent actuary using the Projected Unit method, the rates of contribution being determined by the actuary. The latest published actuarial assessment of the HCCLGPS was at 31 March 2019. The contribution level was separated in April 2011 into two components, a forward contribution rate, and an additional contribution to address the fund deficit set at each triannual valuation.

The level of employers' contributions is set out below:

	From 1 April 2021	From 1 April 2020	From 1 April 2019
Contribution Rate	21.5%	21.5%	16.1%
Additional contributions to address fund shortfall	£908,000	£881,000	£1,480,200

The University also has unfunded obligations of £213k in respect of enhanced pension entitlements to staff who took early retirement under a reorganisation programme in 1993.

19. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not linked to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other universities employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS102(28), accounts for the scheme as if it were a defined contribution scheme.

The 31 March 2017 valuation identified a funding shortfall of £7.5bn. A deficit recovery plan has been put in place raising the employers contribution from 18% to 19.5% from 1 April 2019, 22.5% from 1 October 2019 and 24.2% from 1 April 2020 onwards.

Under FRS102 where there is a deficit recovery plan the University must recognise its liability:

	2020-21	2019-20
	£	£
Provision brought forward	307,485	772,765
Staff Costs	(245)	(366,846)
Interest Payable (Included in pension finance costs - note 9)	2,245	17,001
Contributions	(98,111)	(115,435)
Provision carried forward	211,374	307,485

The University has 16 staff in the USS scheme and therefore it is deemed to be immaterial to the Universities financial statements. No further disclosures are included.

FRS 102

Details in respect of the pension liabilities are provided in accordance with FRS 102. As noted earlier it is not possible to identify the University's share of the underlying assets and liabilities of the Teachers' Pension Scheme or USS and therefore the following disclosures relate to the HCCLGPS.

Date of last full actuarial valuation	31 March 2019
Expected employer contributions next year	£4.4m
Duration of Liabilities	24.3 years

19. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Hampshire County Council Local Government Pension Scheme

The valuation used for FRS 102 disclosures has been based on the most recent actuarial valuation at 31 March 2019. The major assumptions used by the actuary for the purposes of FRS 102 were:

	31 July 2021	31 July 2020	31 July 2019
Discount Rate	1.70% pa	1.40% pa	2.20% pa
CPI Inflation	2.60% pa	2.20% pa	2.00% pa
Rate of increase in salaries	3.60% pa	3.20% pa	3.50% pa
Rate of increase in pensions in payment	2.60% pa	2.20% pa	2.00% pa
Pension accounts revaluation rate	2.60% pa	2.20% pa	2.00% pa

Mortality Assumptions

At 31 July 2021

	Retiring Today	Retiring in 20 years
Male	23.1	24.8
Female	25.5	27.3

Asset Allocation

	Value at 31 July 2021	Value at 31 July 2020
Equities	57.9%	55.0%
Property	6.2%	6.1%
Government bonds	17.1%	20.8%
Corporate bonds	0.0%	0.0%
Cash	1.0%	1.6%
Other	17.8%	16.5%
Total	100.0%	100.0%

Reconciliation to Balance Sheet

	Value at 31 July 2021	Value at 31 July 2020
	£000	£000
Funded Benefits		
Fair Value of Fund Assets	156,099	130,936
Present Value of Liabilities	(254,178)	(241,705)
Funded Net Pension Liability	(98,079)	(110,769)
Unfunded Benefits		
Present Value of Liabilities	(213)	(239)
Unfunded Net Pension Liability	(213)	(239)
Total Net Pension Liability	(98,292)	(111,008)

19. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Amounts recognised in income statement	2021	2020
	£000	£000
Operating cost		
Current Service Cost	8,617	7,088
Past Service Cost	0	274
Curtailement Cost	597	
Financing cost	0	
Interest Cost (included in Pension Finance Costs - Note 9)	1,523	1,247
Pension expense recognised in profit and loss	10,737	8,609
Allowance for administration expenses included in Current service cost	48	57
Amounts recognised in other comprehensive income	2021	2020
	£000	£000
Asset gains arising during the period	21,234	530
Liability losses arising during the period	(2,708)	(45,651)
Total amount recognised in other comprehensive income	18,526	(45,121)
Changes to the present value of the defined benefit obligation	2021	2020
	£000	£000
Opening Value of Liabilities	241,944	184,250
Current Service Cost	8,617	7,088
Interest Cost	3,371	4,028
Contributions by Participants	1,150	1,343
Actuarial losses	2,708	48,731
Net Benefits Paid Out	(3,996)	(3,770)
Past Service Cost	0	274
Curtailement Cost	597	
Closing Value of Liabilities	254,391	241,944
The closing liability includes £213,000 (2020: £239,000) in respect of unfunded benefits.		
Changes to the fair value of assets	2021	2020
	£000	£000
Opening fair value of assets	130,936	125,130
Interest income on assets	1,848	2,781
Remeasurement gains on assets	21,234	530
Contributions by the employer	4,906	4,893
Contributions by participants	1,150	1,343
Net benefits paid out	(3,975)	(3,741)
Closing fair value of assets	156,099	130,936
Actual return on assets	2021	2020
	£000	£000
Interest income on assets	1,848	2,781
Gain on assets	21,234	530
Actual return on assets	23,082	3,311

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2021
CONTINUED

20. EXPENDABLE ENDOWMENT RESERVE

	2021	2020
	£'000	£'000
Balances at 1 August		
Capital	-	836
Accumulated income	-	261
	<u>-</u>	<u>1,097</u>
New endowments	-	-
Investment income	-	49
Expenditure	-	-
Decrease in market value of Investments	-	(11)
Transfer to restricted reserves	-	(1,135)
At 31 July	<u>-</u>	<u>-</u>

In February 2020 the charities were wound up and the balances transferred to restricted reserves within the University.

21. RESTRICTED RESERVES

Reserves with restrictions are as follows:

	Grants	Donations	2021	2020
	£'000	£'000	£'000	£'000
Balances at 1 August 2020	-	1,177	1,177	19
New donations	-	30	30	50
Investment income	-	207	207	-
Transfer from trust funds	-	-	-	1,115
Expenditure	-	(58)	(58)	(7)
Movement for the year	<u>-</u>	<u>179</u>	<u>179</u>	<u>1,158</u>
At 31 July 2021	<u>-</u>	<u>1,356</u>	<u>1,356</u>	<u>1,177</u>

Analysis of other restricted funds /donations by type of purpose:

Project support	1,322	1,160
Student Bursaries	34	17
	<u>1,356</u>	<u>1,177</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2021
CONTINUED

22. CASH AND CASH EQUIVELENTS

	1st Aug 2020	Cash Flows	31st July 2021
	£'000	£'000	£'000
Consolidated			
Cash and cash equivalents	17,219	9,163	26,382

23. CONSOLIDATED RECONCILIATION OF NET DEBT

	£'000
Net debt 1 August 2020	25,142
Movement in cash and cash equivalents	(9,163)
New finance leases	(114)
Repayment of secured loans	(3,150)
Changes in market value and exchange rates	(1,526)
Net debt 31 July 2021	11,189
Change in net debt	<u>(13,953)</u>

	2021	2020
	£'000	£'000
Analysis of net debt:		
Cash and cash equivalents	26,382	17,219

Borrowings: amounts falling due within one year

Secured loans	3,263	3,151
Obligations under finance leases	117	114
	<u>3,380</u>	<u>3,265</u>

Borrowings: amounts falling due after more than one year

Obligations under finance lease	120	237
Derivatives	1,980	3,506
Secured loans	32,091	35,353
	<u>34,191</u>	<u>39,096</u>

Net debt	11,189	25,142
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24. CAPITAL COMMITMENTS

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Commitments contracted but not provided for	1,206	948	1,206	948

25. CONTINGENT LIABILITIES

At 31 July 2021 the Governors were not aware of any liabilities for which full provision has not been made.

26. LEASE OBLIGATIONS

Total rentals payable under operating leases:	31 July 2021		31 July 2020	
	Land and Buildings	Plant and Machinery	Total	Total
	£'000	£'000	£'000	£'000
Payable during the year	1,299	165	1,464	4,853
Future minimum lease payments due:				
Not later than 1 year	1,445	139	1,584	2,048
Later than 1 year and not later than 5 years	3,998	13	4,011	4,864
Later than 5 years	843	-	843	1,442
Total lease payments due	6,286	152	6,438	8,354

27. EVENTS AFTER THE REPORTING PERIOD

The USS 2020 valuation has now been signed and filed with The Pensions Regulator with an effective date of 1 October 2021. The resulting schedule of contributions will see a small increase in contribution rates from the 2018 Valuation and a longer deficit recovery period as a result of the decision to proceed with benefit change by the Joint Negotiating Committee (JNC) subject to member consultation. The impact on the USS liability is an increase from £211,374 to £702,913. For the 2020/21 financial year however, potential changes are considered a non-adjusting event.

28. SUBSIDIARY UNDERTAKINGS

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the University, are as follows:

Company	Principal Activity	Status	Note
Solent University Limited	Maritime based consultancy and training	100% owned	13
Solent University Services Limited	Education support services	100% owned	13
Solent Pathway Campus Limited	Education services	51% owned	13

29. RELATED PARTY TRANSACTIONS

Governors receive no remuneration in respect of their duties as Governors other than for the reimbursement of travel and subsistence expenses incurred in the course of those duties.

A total of £160 was paid for travel and subsistence expenses to 3 Governors (2020: £1,771 paid to 6 Governors).

Transactions are disclosed where members of the Board of Governors, trustees and senior members of staff disclose an interest in a body with whom the University undertakes transactions which are considered material to the University's financial statements and/or the other party. Due to the nature of the University's operations and the composition of the Board of Governors, being drawn largely from local public and private sector organisations, 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 University's Financial Regulations and usual procurement procedures.

The University has taken advantage of the exemption within FRS102 and has not disclosed transactions with wholly owned subsidiary companies.

Solent University	Purchases		Grants and	
	Sales to related party	from related party	Amounts owed to related party	loans made to related party
	£000	£000	£000	£000
Solent Students Union 2020-21				
Trade	1	1	-	-
Grant	-	-	36	498
Solent Students Union 2019-20				
Trade	3	7	-	-
Grant	-	-	36	483

The University has a close working relationship with Solent Students Union, which remains a separate entity. The SU president is a member of the University's Board of Governors.

30. ACCESS & PARTICIPATION PLAN
Consolidated and University

	AFR				Actual 2019-20 £'000
	OfS Plan £'000	Return including disability £'000	Actual 2020-21 £'000	Variance £'000	
Access Investment	693	693	647	46	1,340
Disability	-	309	344	(35)	309
Financial Support	1,633	1,633	2,570	(937)	3,233
Research and Evaluation	54	54	48	6	58
Total	2,380	2,689	3,609	(920)	4,940

As set by the Office for Students, reporting access and participation expenditure issued 11 August 2021

Details of the approved plan can be found at;
<https://www.solent.ac.uk/about/documents/solent-access-and-widening-participation-plan-2020-21>

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