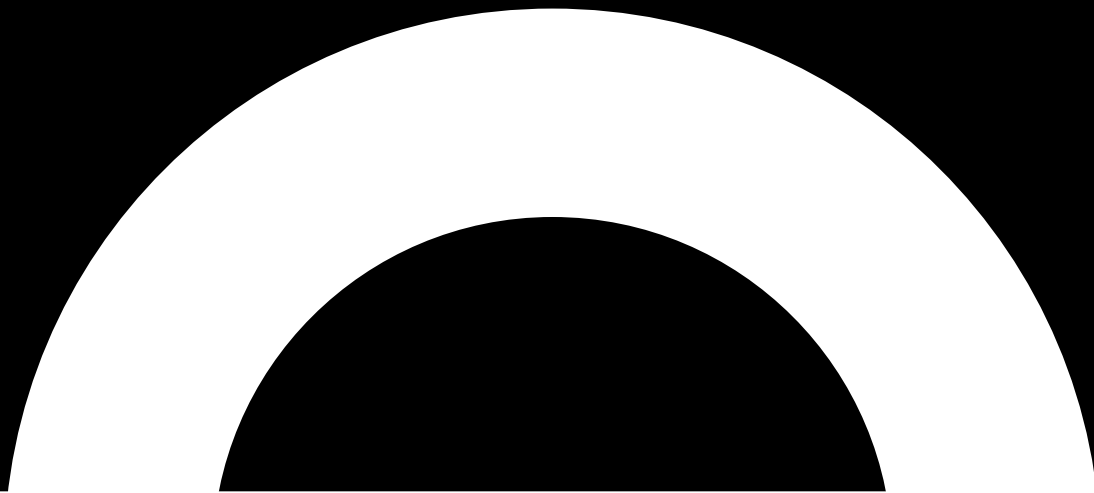




SOLENT
UNIVERSITY
SOUTHAMPTON

**FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 JULY 2019



THE AWARDS
2019

PROUD TO BE SHORTLISTED FOR
UNIVERSITY
OF THE YEAR 2019

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ATTENDANCE

GOVERNORS

ATTENDANCE AT BOARD MEETINGS %

Professor G Baldwin	Vice-Chancellor, Ex-officio Governor	Until 30 September 2019	100
Mr J Barfoot	Staff Governor	Until 15 February 2019	100
Mr S Bolton	Independent Governor		100
Dr J Bonar	Staff Governor	From 1 August 2018	100
Ms. A Colley	Independent Governor	Until 31 July 2019	75
Mr P Cotton	Independent Governor		100
Mr D Cowley	Student Governor	Until 11 July 2019	75
Ms G Davis	Student Governor	From 12 July 2019	25
Mr M Dixon	Staff Governor	From 1 August 2018	100
Mr N Duncan OBE	Co-opted External Governor		50
Professor R Farwell CBE	Independent Governor		100
Ms J Glastonbury	Independent Governor		100
Mr G Holland	Independent Governor	Until 31 July 2019	100
Councillor S Kaur	Co-opted External Governor		50
Mr J Rimmer	Independent Governor	From 1 August 2018	100
Ms L Samuels	Independent Governor		75
Mr J Simpson	Independent Governor		100
Dr J Stopp	Independent Governor	Until 31 July 2019	100
Captain E Tiller	Independent Governor		25
Mr P Wake OBE RD	Independent Governor	From 1 August 2018	100
Clerk to the Governors	Ms B Woolven		100

WELCOME

FROM THE CHAIRMAN OF GOVERNORS AND THE VICE-CHANCELLOR



We are delighted to introduce Solent University's operating and financial review for 2018-2019, a year which has once again witnessed significant change and development within the Institution. While the external context has been challenging, the university has maintained a surplus for the year of £1.4m (2018: £8.3m) and it is encouraging to see our reputation increase in response to an enhanced student experience that has resulted in significant league table rises and external recognition.

As an Institution which is first and foremost a University, our priority is to maintain and enhance the experience and opportunities offered to our students and to safeguard high quality delivery for the future. Since the Spark, the new learning and teaching building that was successfully delivered in 2015-2016, we have continued to transform our East Park Terrace campus. In 2017-2018 we further improved the estate with redevelopments across the city, including the refurbishments of Kimber Halls and Reginald Mitchell building, as well as nursing facilities development in the summer of 2018. This year, 2018-19, the most significant investment involved our new Sports Complex. We broke ground in September 2017 with the building being delivered in February 2019. The planning, design and appointment of contractors for the new Maritime Simulation Centre also commenced in 2017 with the construction phase started in August 2018 and finished at the end of March and fully delivered in May 2019. Biomedical science laboratories

and a nursing simulation ward were also delivered in 2018. Most importantly, improvements continued to be made in the academic performance of the University in the areas of student satisfaction, student achievement, international development, employability and research excellence.

The University is a leading university for the development of student business start-ups and its employer engagement and business interaction was underpinned by the ongoing success of its programme of continuing professional development. When comparing earnings for Solent graduates against other institutions whose students had the same prior educational attainment, seven of Solent's subjects ranked in the top five, and 11 of the University's subjects ranked within the top 50% (according to data from the Longitudinal Education Outcomes, LEO). In the National Student Survey, Solent had its largest ever response rate of 86%, and had improvements in five survey measures. We remained above benchmark for 'Overall satisfaction' and the University's scores were higher than or equal to the sector in eight of the nine survey measures. Scores for Academic support, Learning community and Student voice were in the top 30 in the sector (compared with 130 other institutions).

We had our best year in terms of League Tables. Solent improved in the THES European Teaching Ranking, the Complete University Guide and saw substantial changes in both the Good University Guide (from 100 to 85) and

The Guardian University Guide (81 to 73). In addition, the University scored an overall four stars in the QS Stars rating system; plus five stars in the categories of teaching, employability, internationalisation, facilities and inclusiveness; and four stars for its specialist provision.

In October 2018 Solent was the first University to have a full Ofsted inspection of apprenticeship provision. The visit went very well and resulted in the University receiving a 'Good' outcome, a very positive result for Solent and a testament to the hard work of colleagues across the whole institution. The University was also audited to check our compliance with the requirements of the Home Office UKVI (UK Visas and Immigration) in March 2019. This was an important event with the potential to limit our ability to recruit international students and staff and once again resulted in a positive outcome for Solent.

In fulfilment of its mission the University further increased the proportion of its recruitment from low participation neighbourhoods and state schools. In the most recent Access and Participation Plan 2019-2020 (approved by the Office for Students), Solent University continued to lead the way in supporting students living in low participation neighbourhoods with a particular emphasis on BME, white working-class males and care leaver students. We have again set our sights high to further enhance this in future years, as we establish our new Access and Participation plan for 2020-2025. International partnerships increased and once again we hosted a number of delegations. The two most significant ones this year included the India Education Collaboration, where a group of 40 professionals from Indian universities visited Solent in December 2018 and subsequently in May 2019 for the 'International Faculty Exposure & Immersion Programme' on Academia, Business and Culture. In September 2018 we hosted the delegation from the Bangabandhu Sheikh Mujibur Rahman Maritime University in Bangladesh, who then visited for the second time in July 2019 when we signed a Memorandum of Understanding. The University's work with business and international partners along with a city centre presence and large numbers of students makes a considerable contribution to the local and regional economy.

The University continued to implement its strategic plan "Building an excellent university" making further changes to its operating structure and all Schools had a successful year as demonstrated by the academic achievements. In addition, we further progressed our work to ensure the University's long term sustainability with a number of areas continuing to undergo restructures in 2018-2019. Most notably however, research remained an important element of the University, following the University being granted Research Degree Awarding Powers (RDAP) in August 2017.

This year saw the departure of our Vice-Chancellor, Professor Graham Baldwin the Vice-Chancellor. Graham joined Solent in August 2014 and after five successful years he left the University to take up a new position as Vice-Chancellor of the University of Central Lancashire. He had led the University through challenging times and a fast changing sector, working with us all to achieve significant successes across our vision and mission. Most notably, Solent has risen in all major league tables, received Research Degree Awarding Powers and has been nominated for several Times Higher awards, most recently for the Times Higher University of the Year Awards 2019.

Graham will be succeeded by Professor Karen Stanton, who has been appointed by the Board of Governors to join Solent at the beginning of February 2020. Professor Stanton joins Solent from her role as Vice-Chancellor at York St John University, where she has delivered clear strategic leadership, driving improvements in the student experience and student outcomes, and providing strong external representation and institutional sustainability.

Internal change was accompanied by external developments, most notably the further developments within the Higher Education sector. Once again we saw evidence of the impact of the removal of the student number cap with competition for students continuing to increase across the sector further underpinning the need to invest in developments as described above and to continue to put our students at the heart of all we do. To that end, we further developed our student services and increased the level of central support provided.

Despite a most successful year uncertainty remains as we await the details of the Brexit negotiations. We are however well placed, as a consequence of our strategy, to meet the emerging requirements with a focus on practice and application, or what we call "Real World Learning". We will continue to work with stakeholders, employers and most importantly our students to ensure that we are increasingly recognised nationally and internationally whilst fulfilling our role as a University for the City and the Solent Region.



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



Professor Julie Hall
Interim Vice-Chancellor

FINANCIAL HIGHLIGHTS

RESULTS, CASH FLOWS, ASSETS AND RESERVES

	<u>2019</u>	<u>2018</u>
	<u>£000</u>	<u>£000</u>
Academic Fees and Support Grants	85,564	89,991
Funding Council Grants	7,216	8,657
Research Grants and Contracts	250	396
Other Operating Income	19,634	18,141
Endowment and Investment Income	137	107
Donations and endowments	402	390
Total income	<u>113,203</u>	<u>117,682</u>
Surplus for the Year After Tax	1,408	8,295
Other comprehensive income	(24,498)	24,620
Total comprehensive (expenditure)/income for the year	<u>(23,090)</u>	<u>32,915</u>
Net cash inflow from operating activities	12,347	17,973
Decrease in cash and cash equivalents in the year	(13,688)	(1,177)
Non-current assets	179,651	155,240
Current assets	35,117	48,009
Current liabilities	(25,803)	(38,566)
Non-current liabilities	(43,059)	(23,963)
Pension liabilities	(62,973)	(34,693)
Total Reserves	<u>82,933</u>	<u>106,027</u>
Other Key Statistics	<u>2018-19</u>	<u>2017-18</u>
Number of Higher Education Full-Time Equivalents	8,996	9,351
Total Number of Higher Education Students	9,911	10,575
Number of Employees	1,198	1,263

STRATEGIC REPORT

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 subsidiary company 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 and meals for employees of other organisations using the company's facilities for their own training programmes, and miscellaneous commercial activities.

SUSL is a fully owned subsidiary company which provides support staff to the University.

SPCL was incorporated on 10th April 2018 and started trading in 2018-2019. The University owns 51% of the share capital, with the remaining 49% being owned by QAHE (Solent) Ltd. The company provides foundation courses for overseas students, enabling the progression on to Solent undergraduate courses.

FINANCIAL REVIEW

Financial Key Performance Indicators

The following Key Performance Indicators which derive from the University's Strategic Plan, Building an Excellent University for 2015-2020, relate to the University's financial position:

Performance Indicator	Criteria	Outcome for 2018-2019	Outcome for 2017-2018
Annual surplus (after tax and FRS 102 pension costs)	At least 6% of income over the period of the Plan	1.24%	7.05%
Net cash inflow from operating activities	At least 6% of income	10.90%	16.33%
Cash reserves	Available cash reserves of £6m	£19.9m	£33.6m

RESULTS FOR THE YEAR

The University's results are summarised in the Financial Highlights on page 6.

Total income has decreased by £4.5 million (3.8%) to £113.2 million.

Funding body grants were lower by £1.4 million (16.7%) to £7.2 million, with the majority being received from the Office for Students (OfS). The OfS recurrent grant for 2018-2019 totalled £5.2 million, representing a decrease of £0.6 million (10.8%) from 2017-2018, 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 £3.2 million, down slightly from £3.5 million in 2017-2018.

Tuition fees also reduced by £4.4 million (4.9%) to £85.6 million, as a result of lower home/EU student numbers and a decrease in short course income, offset by £1.8 million apprenticeship fees.

Other operating income increased by £1.5 million, which is due to LEP funding for new simulators.

Overall total expenditure increased by £2.4 million (2.2%) to £111.9 million (2017-18. £109.5 million).

Staff costs increased by £1.3 million (2.0%) to £64.6 million, which is attributable to a rise in FRS102 pension costs, which is detailed in Pensions below. Across the University, staff numbers were lower with reduced redundancy costs (2018-19 £1.9m compared to 2017-18 £2.2m).

Depreciation was £1.6 million higher (28.3%) at £7.1 million (2017-18. £5.5 million), following the completion of the new sports building and other major estates projects.

The surplus for 2018-2019 was £1.4 million, compared with the 2017-2018 surplus of £8.3 million and lower than the approved budgeted surplus of £3.3 million, due to higher than budgeted FRS102 pension costs. >>

INVESTMENTS AND CASH RESERVES

Overall investments and cash reserves have decreased by £13.7 million, which is primarily a result of the repayment of the revolving credit facility which was drawn down at the end of 2017-2018. Capital expenditure during 2018-2019 was higher than in the previous year following the completion of some major estates projects. Details of the Net cash inflow from operating activities is 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 £12.3 million, a decrease of £5.6 million. The factors contributing to the level of net cash inflow include:

- a surplus of £1.4 million was achieved in 2018-2019, compared to £8.3 million in the previous year.
- an increase in debtors this year of £0.7 million, is consistent with the increase last year. Although trade debtors have remained constant, prepayments and accrued income have risen.
- a decrease in creditors which is a result of trade creditors being £2.9 million lower in 2018-2019, primarily due to the completion of new sports building development and other major estates projects.

The financial highlights should be considered in conjunction with the overall cash outflow of £13.7m which is explained under Investments and Cash Reserves and the increase in debt which is detailed in Long-Term Borrowing Facilities

LONG-TERM BORROWING FACILITIES

The University has a standard commercial loan with the Allied Irish Bank, secured on individual halls of residence. The amount outstanding as at 31 July 2019 is £11.8 million and will be repaid by July 2026.

During the year, the University refinanced its existing loan and revolving credit facilities with Lloyds Bank. The new 5 year facility with Lloyds is for £40 million which comprises of a £20 million loan amortised over 21 years at a fixed rate of 2.5%, a £10 million loan amortised over 15 years at a variable rate, and a £10 million revolving credit

facility. Note 16 gives further details of the year end debt position, which is £41 million.

The University also secured an additional £15 million revolving credit facility with Barclays Bank for a 5 year period with an option to extend in the first and second year of the facility.

During the year the loan with the Bank of Scotland, secured on the Sir James Matthews building, was repaid.

POST BALANCE SHEET EVENTS

The Governors are not aware of any significant post balance sheet events.

FINANCIAL STRATEGY

The financial strategy sits alongside other service strategies and is inextricably woven through all strategies of the University. It has an enabling role to ensure that the appropriate resources are provided to support the University's strategic objectives and academic development.


The University will aim to:

- Achieve and maintain a historic cost surplus of at least 6% of income in line with the University's sustainability forecasts;
- Generate a net cash flow from operating activities of at least 6% of income;
- Maintain a minimum cash balance of £6 million;
- Minimise the use of working capital (i.e. debtors);
- Optimise investment returns of liquid assets, whilst safeguarding the assets;
- Optimise investment returns of liquid assets, whilst safeguarding the assets;
- Optimise the cost of financing the student residences;
- Make available borrowing capability to develop the enabling infrastructure;
- Develop existing and new funding relationships.

The Chief Finance Officer, together with the finance senior management team, is responsible for the delivery of the strategy. A set of key performance indicators has been developed as part of the strategic plan process; the three key financial indicators are included on page 7.

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 the revised guidance contained in the 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 32 to 35.

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 (USS). The current year saw the introduction of a defined contribution scheme Solent Pension Plan administered by Aviva.

The disclosure notes on pages 49 to 53 relate primarily to the HCCLGPS and unfunded obligations. The latest actuarial valuation of the fund took place as at 31 March 2016 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 2019.

During the year, the University opted for a tailored approach to some of the pension assumptions rather than Hampshire County Council's standard methodology.

The University's share of the deficit in the HCCLGPS has increased by 80.6% to £62.2 million as at 31 July 2019 (2017-2018: £34.4 million). The main assumption changes are to RPI (2018-19: 3.2%, 2017-18: 3.1%) and the mortality rate which is 25 years compared to 26.7 last year.

The liabilities are particularly sensitive to gilt yields, a 0.1% change increasing or decreasing liabilities by 2.1%. The discount rate used in 2018-2019 is 2.2% (which is the same as HCC's standard assumptions) compared to 2.9% in 2017-2018, which has the effect of increasing liabilities. Both asset returns being higher than expected and updating the assumption for future improvements to post-retirement mortality rates had a positive effect on the balance sheet, offsetting some of the increase liability. Part of the increase in the total liability is due to the inclusion of the forecast impact of McCloud case.

LINKED CHARITIES

On 1 June 2010, HEFCE became the principal regulator of English higher education institutions (HEIs) that are exempt charities. This extends to those exempt charities that are administered by or on behalf of an exempt charity HEI and fall within paragraph 'w' of schedule 2 of the Charities Act 1993 (i.e. linked charities).

HEFCE's authority was transferred to the newly formed Office for Students (OfS) established in 2018

Reserves and financial results for Solent University's linked charities are disclosed in Note 19 Expendable Endowments Reserves.

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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 management group and also the aggregated top risks prioritised by school 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 schools and services updating their risks register six monthly, 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 the 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 Finance Officer provides a direct link with VCG in reviewing all levels of risk across the University.

Currently the top University risks reflect the uncertainty around the recruitment of home/EU students, including the uncertainty post BREXIT and the impact of a reduction in applications on budgets and service levels. A potential fees and funding review also remains a high risk for the University.

CREDITOR PAYMENT POLICY

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

STRATEGIC PLAN

In March 2015 our Strategic Plan (2015-2020) was approved by the Board of Governors and further shared across the University. When published, it sought to further build on the thirteen years since we were granted University status. Greater competition, higher expectations from students and employers, and the need to adapt to an increasingly globalised world means we need to find more innovative ways of responding to the opportunities and more resourceful ways to overcome the challenges. During the five year period of the strategy we intend to create an outstanding experience for students, deliver innovative and research informed learning and teaching and increase our international student numbers whilst building on our commitment to social justice. We are enhancing our research capability and have successfully achieved Research Degree Awarding Powers.

The University's Strategic Plan 2015-2020 is set out below.

The University's Strategic Plan 2015-2020 is set out below.

Solent University's Vision is to be:

- A vibrant and successful University that is known nationally and internationally for the excellence of our teaching and for our sector-leading integration of theory and practice;
- Research active and informed with areas of world leading activity underpinning key and distinctive curriculum areas in support of 'real world' learning;
- The 'applied' university for Southampton and the Solent region, with accelerating national and international influence enabled by imaginative partnerships at home and abroad;
- An inclusive university which is a catalyst for social justice, social mobility and economic prosperity, providing access to top-class education for all those qualified and able to benefit and offering an outstanding student experience, characterised by the highest quality engagement and intellectual challenge.

Solent University's Mission is:

- The pursuit of excellent university education that enables learners from all backgrounds to become enterprising citizens and responsible leaders, while also promoting economic and social prosperity for the communities we serve.

Solent University's Strategic Plan

2015-2020 includes seven key priority areas:

- People Experience;
- Learning and Teaching;
- Research and Innovation;
- Student Achievement;
- Internationalisation;
- Recruitment;
- Reputation.

The University continues to progress its strategic plan and a series of sub-strategies. We have also started work on our new strategy 2020 - 2025, which will build on the mission and vision as set out in 'Building an excellent university 2015-2020'.

As stated previously, the strategy is being successfully delivered. Student satisfaction and employment levels are the highest ever recorded and both are above the University's benchmark. This helped with the award of Silver in the Teaching Excellence and Student Outcomes Framework and the rise in the league tables. This came on top of the award of Research Degree Awarding Powers in 2017. >>

STATEMENT OF PUBLIC BENEFIT

Solent University, Southampton 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'. Following changes in charity legislation, from 1 June 2010 HEFCE became the 'principal regulator' for HEIs in England that are exempt charities. This authority was transferred to the newly formed Office for Students (OfS), established in 2018.

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.

The University's mission and vision (detailed on page 11) are translated into the University's current strategic plan, as set out in the University's 'Building an Excellent University 2015-2020'. It is this strategy which enables the University to fulfil its charitable objects.

EDUCATIONAL PURPOSE

Solent University, Southampton is a vibrant and enterprising modern university which places the student experience and a commitment to preparing graduates for successful careers at the heart of its mission.

The University is a friendly, open, and inclusive place which offers excellence and distinctiveness. We are an engine of social mobility, performing well in published benchmarks for widening participation (see page 13).

We offer practical and professional education with distinctive 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. We additionally have one of the UKs leading competitive sports programmes.

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 2018-2019 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 enterprising citizens and responsible leaders.

SUPPORTING ECONOMIC GROWTH

Our Mission also refers to promoting economic and social prosperity for the communities we serve and the University is characterised by close engagement with all such communities as well as by a broad curriculum for the professions, applied research, and innovative knowledge transfer activities. Based on a commitment to social justice and economic competitiveness for Southampton and its region, we continue to engage strongly with our civic community. In April this year we signed the Social Mobility Pledge. We also took part in the Think Modern campaign. We continue to be fully engaged with the sub-regional growth agenda, networked across the main business organisations, active members of Southampton Connect we participate actively with the Solent Local Enterprise Partnership. We are also actively involved nationally as members of representative bodies and ensure that the benefits of university education are experienced on a national scale. International student recruitment significantly supports the UK economy and the recruitment to Solent University provides valuable benefits to the local economy.

The University's education development programmes for health service professionals (the majority of whom work in the local health economy) is an example of how the University provides a clear and distinct economic benefit to the region. Our relationship with the University Hospital Southampton NHS Foundation Trust has developed into a major strategic alliance for (non-clinical) workforce development, involving foundation degrees, short courses and student internships. Seven other health trusts are also our official partners.

Solent University continued with its intern programme, where it recruited 12 of its own graduates (one of them funded by the OfS) to fairly paid positions for 11 months within the University. To this it added a programme to further support our graduates through micro internships. We continued to place great emphasis on student business start-ups providing the necessary support to help students establish businesses and operate them successfully. Such Businesses are predominantly located in the South but are across a broad area supporting the South East generally as well as the City and Solent region. In the 2017-2018 HE-BCI survey, the University ranked sixth in the sector for the number of graduate start-ups. This was the highest ranking that the University has achieved, and the third consecutive year that Solent has ranked in the top ten. The University is one of the sectors main providers of Continuing Professional Development and this brings significant external business to the region with students coming from all over the world.

The University is working with key stakeholders, in various regional initiatives to articulate and promote the interests of the Solent maritime sector, in its widest sense. In addition, the University is working closely with the Hampshire Chamber of Commerce.

The University provides the local business community with a regular supply of highly qualified and skilled graduates who have developed knowledge and have been encouraged throughout their studies to create and maintain connections which are vital to the UK economy.

SUPPORTING THE LOCAL COMMUNITY

Building on the successful work of previous years the University continued to add value and benefit to the many voluntary and community groups working to address deprivation, hardship, and better social and healthcare provision in the region. The University has continued and further developed its work with disadvantaged groups in developing sport coaching and mentoring activities, health and well-being initiatives, and employment awareness-raising campaigns through partnership projects.

The University continues to be responsible for a wider community remit incorporating the Schools Sports Partnership, School Games Organisation and the Local Authority Sports Development Unit which has been so successful that it has attracted interest from other universities with regard to its strategy and operation.

The involvement continues to attract favourable interest and attention from influential national organisations, including British University and Colleges Sport (BUCS). In terms of disability, the University has established Team Solent Sharks, a wheelchair rugby club that is open to the regional community.

Generally, the public engagement activities benefit the regional community by engaging young people, parents, teachers and advisers, whilst also directly contributing towards its widening participation agenda, and increasing the reputation of the University. A significant part of this work being Team Solent Kestrels, a community basketball partnership that draws from the wider Southampton district and is led by the University, with pathway from u12 boys and girls right through to National Division 1 Men and Women.

WIDENING PARTICIPATION

Solent’s mission and strategy are dedicated to the pursuit of an excellent university education that enables learners from all backgrounds to become enterprising citizens and responsible leaders, while also promoting economic and social prosperity for the communities we serve. Solent is a proud champion of widening participation, which is at the core of our operations and our culture. During 2018-2019 the university continued to deliver on its widening participation targets and milestones and remains committed to promoting social mobility, in line with its Strategic Plan 2015-2020 and current Access and Participation Plan.

In 2017-2018 the University was approximately three percentage points above benchmark in terms of the percentage of entrants who had attended state schools. The university was also above benchmark, in terms of the percentage of entrants from low participation neighbourhoods, in this case by almost two percentage points.

Proportion of State School and Low Participation Neighbourhoods entrance against Benchmark and UK Average

State School				Low Participation Neighbourhoods		
Year	% from group	Location adjusted Benchmark	UK Average	% from group	Location adjusted Benchmark	UK Average
2017-2018	97.3	94.4	89.8	15.2	13.5	11.6
2016-2017	97.3	95.0	90.0	16.1	13.4	11.4
2015-2016	97.7	95.6	89.9	15.4	13.8	11.3
2014-2015	97.1	95.6	89.8	14.8	13.0	11.4
2013-2014	96.3	95.3	89.7	14.3	12.2	10.9
2012-2013	97.1	95.1	89.3	14.7	12.8	10.9
2011-2012	96.2	94.8	88.9	11.5	11.6	10.2
2010-2011	95.4	94.6	88.7	13.1	11.5	10.5

The University engages with a wide range of schools, colleges, other partners and employers to promote further and higher education to disadvantaged groups. These initiatives and interventions help to raise the aspirations, attainment and confidence of young people to consider all the potential opportunities open to them. The University educates and counsels prospective applicants about the costs of higher education, the bursaries and scholarships available to them and the academic and pastoral support offered. This is done in person, via school counsellors and details are available on our website.

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During 2018-2019 we have specifically worked with 5 primary schools across Southampton with a variety of widening participation activities taking place resulting in 479 direct engagements and the following highlights;

- **Ask the Vice Chancellor Campus Visit** – This event offered 60 Year 5 and 6 pupils from a local school the chance to explore our campus, take part in activities themed around the University and have the opportunity to put questions to the Vice Chancellor. The impact of this activity was extremely positive and feedback showed that 93% of participants reported that they would now consider higher education as part of their future.
- **Introduction to University Campus Visit** – This series of events offered 479 year 5 and 6 pupils from local primary schools the opportunity to explore our campus and take part in fun creative activities such as Design your own university campus and Career Detectives. These events helped dispel myths and misconceptions about university and raise aspirations for the future with 91% of participants reporting that they would now consider higher education as part of their future.
- **Mini Movie Makers Project** – Continuing the successes of this project in previous years the university worked with 190 year 5 and 6 pupils from across three local schools. The work we carried out with each school aligned with their current curriculum topics and activities such as Transition and Seas and Rivers. Working in collaboration with our in-house talent agency, Solent Creatives, and Film students we provided both schools with support in producing their very own shows and a cinema style event on campus with parents/carers greeting the learners as they arrived on the red carpet. The impact of this project was extremely positive and the measurable outcomes and analysis from the feedback received showed that 93% of participants reported that they would now consider higher education as part of their future.

During 2018-2019 we also continued our targeted work with secondary schools across Southampton with a variety of widening participation activities taking place which aimed to raise aspirations and educational attainment, these activities resulted in 3502 direct engagements.

We have also formed formalised partnerships with our target schools which enabled the following highlights:

- **Study Skills and Exam Revision Skills Workshops** – We delivered Revision Techniques and Study Skills workshops to 713 Year 10 and 11 learners from three local schools. Evaluation from one of these schools (the school with the lowest prior attainment for disadvantaged learners) showed that 96% of the pupils reported that the sessions helped them to learn new study skills to prepare for their GCSEs and 93% of the pupils reported the sessions had been beneficial to their overall learning.
- **Employability and Careers Campus Visit** – Following a request for a bespoke activity for 39 disadvantaged year 10 girls with no clear career/post 16 study plan. We facilitated activities to familiarise them with what is meant by personal branding and understand importance of employability skills. A self-audit of their own skillset also took place with a view to developing an action plan to develop skills valued by employers. This activity also included a session on the importance of GCSEs. Evaluation showed that 100% of participants reported increased understanding on the importance of GCSE and 88% of Participants reported that the session enabled them to identify key employability skills and how to develop them.
- **Resilience Workshops** – Following a request for a bespoke activity for 129 disadvantaged year 11 learners, we facilitated activities to introduce the concept of resilience and its importance during GCSE study. We also provided support to the learners surrounding their post-16 options. Evaluation showed that 86% of participants reported increased confidence about their future and 84% of Participants reported increased understanding of their post GCSE options.

In addition to the highlights we have also delivered **Making the right choice** – GCSE options Workshop, **Cha-Ching** – Student Finance Workshop and our **My Solent Story** and Subject Specific Campus Visit which have been popular with our partner schools and schools within the Southampton Education Forum (we continue to attend the steering and subject groups).



Our activity has not just focussed around traditional outreach with schools/colleges and we have strived to target a variety of underrepresented groups including Care Leavers, Young Carers, BAME learners and those with disabilities in different ways. Other activities that we are particularly proud of include:

- **Looked After Children Campus Visits** - We collaborated with the Southampton City Council Virtual School to host an on-campus day for Looked After Children in Years 6 and, 8. Pupils attended with activities also provided for foster carers and social workers. The activities introduced the concept of university and gave the opportunity to explore our campus, take part in fun creative activities such as Design your own university campus. 100% of participants reported increased knowledge regarding higher education and 100% of participants reported the activity was fun way of learning about university. We also collaborated with the Hampshire County Council Virtual School, facilitating campus visits for year 10 and 12 learners and CPD for Personal Advisers working with Looked after Children.
- **Pop Up University Community Event** – We piloted our first Pop Up University event, which was endorsed by the Radian Housing Association and Mansbridge Residence Association. By bringing our facilities to a local community (within an area of high deprivation) we aimed to encourage engagement in learning through aspiration raising activities. 72 visitors attended the event encompassing a wide range of ages and engaged with showcases from 11 academic information stalls and demonstration stands. For all attendees 93% reported that they now have a better understanding about what is available at university, 100% said that they would now consider higher education as part of their future and 93% of parents agreed that they are now happy to speak to their child about university.
- **Transition Days (Post 16 Learners)** – Solent University hosted a year 12 Transition event for 40 learners from local colleges. These learners had been identified by their post 16 institutions as those from disadvantaged backgrounds or facing specific barriers to Higher Education. The day gave learners the opportunity to familiarise themselves with the Solent university >>



campus, explore some key skills needed for success at university, speak to undergraduates about areas they have found difficult and hear some top tips for coping with the university learning environment. The day also included a Next Steps Information Fair, support in developing practical and resiliency skills and workshops focussing on UCAS and Student Finance. Of those that attended 65% felt very well informed and prepared for their transition to university. We also facilitated two year 13 days for Solent applicants, we worked in collaboration with Access Solent inviting learners with disabilities with sessions surrounding the additional support the university provides.

In addition to these activities our UK Student Recruitment Team has supported targeting of underrepresented groups through a variety of activities with colleges including Finding Your Future (written for a widening participation audience), Parent/Carer talks and Subject Specific taster sessions on and off campus. The UK Student Recruitment team has also facilitated CPD for schools and colleges including the Higher Education Advisors' Day which delivered widening participation messages.

We have continued our work with the Southern Universities Network - a partnership of the 6 Hampshire and Dorset universities which works towards reaching the collaborative targets set in the Access and Participation Plan and leads the local NCOP programme. Highlights of our activity with the SUN include:

- Via the BAME working group - Leading and coordinated the BAME SUN stand at the Southampton Mela Festival, a community event which was attended by up to 30,000 people from across the south east England from diverse communities.
- Via the disability working group - Leading and coordinating the delivery of workshops around mental health facilitated by Fluid Motion theatre group. The workshops were delivered to 47 Year 9 pupils. The workshops enabled and encouraged students to explore and understand mental health issues through participation in performance pieces.
- Via our NCOP funded post – Leading and coordinating a series of GCSE English and Maths Revision Days, a

Health Careers Event on the Isle of Wight and a Year 12 Residential hosted at Solent University.

Supporting much of our activity were our student ambassadors. The Solent Student Ambassador scheme currently employs approximately 146 students, a large proportion of whom are from WP backgrounds themselves, in a paid role. Many of the University's outreach activities, involve using current, undergraduate or postgraduate student ambassadors as positive role models to raise the educational and career aspirations of learners from primary through to post-16 education. By recruiting across all Schools, courses, ethnic groups and socio-economic backgrounds, we ensure the Ambassadors reflect the diverse population of the University, as well as the pupils we work within schools and colleges. In addition, 74 ambassadors have been selected and trained to deliver activities for access and widening participation.

The scheme also allows the Ambassadors to get involved in a range of challenging and rewarding projects, all of which help them develop transferable skills, gain valuable extra-curricular experience and enhance their CV; supporting their future careers. Opportunities include open days, school talks and workshops, Higher Education fairs, one-to-one support, careers fairs, residential events, subject specific academic taster sessions, administrative support, student panels, on campus events, study skills sessions, project work and research. A training programme for Ambassadors exists, with additional continuous professional development and specialist role training opportunities available to them all throughout the year.

The Solent School Sport Partnership was created in 2004 as part of the original School Sport Partnership Government initiative; it comprises of both the Partnerships team and the School Games Organisers (SGOs) for Southampton, and is situated within the School of Sport, Health and Social Science forming part of the Sport Education and Development team.

During 2018-2019 academic year the School Games Organisers (SGO's) worked with 16 National Governing bodies, delivered 35 league competitions, 52 cup competitions, 14 festivals and 5 inclusive events, engaged >>

with 41 of the 46 primary schools in the City and all 14 of the Secondary schools. Five of these competitions were specifically for young people with a disability, approximately 134 engaged in these events. The SGOs also delivered a Leadership academy to 45 young people across Bitterne Park Secondary school and Regents Park Community College, the Leaders were then utilised to deliver competition alongside our staff and students. In total the SGO programme provided over 9,800 opportunities for young people to compete in sport.

The School Sport Partnership helped to place over 100 students into our local primary and secondary schools as part of their various degrees/units. The partnership delivered physical education and school sport programmes in 21 schools across the City and within other neighbouring schools. Approximately 1,000 hours were spent in schools delivering these programmes, working alongside teachers and young people, also providing opportunities for our students to experience real world learning”.

In total the Schools programme has provided over 25,000 opportunities for young people in Southampton and the surrounding area to get involved in physical activity.

ENVIRONMENTAL AND SUSTAINABILITY STRATEGY

The University recognises that it has an important role to play in promoting sustainability and improving the quality of the environment for students, staff and the wider community.

To ensure progress is maintained, the University’s Environmental Policy includes a commitment to continual improvement in environmental performance through the implementation of an accredited Environmental Management System (EMS) at all sites. The EMS has been developed through the EcoCampus scheme, with the Platinum Award being received this year. After a full external audit, the University also achieved the international EMS standard ISO14001:2015 in March 2019.

The University’s Environmental and Sustainability Strategy provides a route-map of aspirations and targets, extending to all areas of environmental impact, including energy, waste, water, biodiversity, construction, travel, procurement and student, staff and community engagement.

Staff and students play an important role in environmental initiatives. Members of staff are encouraged to join

the long-established Green Impact programme, with achievements being audited by student and staff volunteers before the annual awards. Students participate in the popular Student Switch Off campaign, with teams in the halls of residence competing for prizes for achieving energy and waste reductions. Environmentally-themed activities are regularly organised, such as cycling workshops to promote sustainable travel, and waste reduction and recycling initiatives. Fairtrade Fortnight also provides opportunities for voluntary engagement; the University successfully retained Fairtrade University status for 2019.

The Carbon Management Plan formally sets out the University’s approach to tackling its carbon emissions. The University has agreed a target of reducing CO2 emissions by 33% (below the 2005-2006 baseline level) by the end of 2020. A wide range of energy-saving projects have been completed and work continues towards achieving this ambitious target.

Developments at East Park Terrace have provided opportunities to achieve lower carbon emissions by incorporating best sustainable practices in design and construction. The Building Research Establishment Environmental Assessment Method (BREEAM) is being used to inform the design of new buildings, with the ‘Excellent’ rating having been achieved on the Spark building and the new Sports Complex. The Sports Complex is also connected to the City’s District Heating Scheme to reduce both heating costs and carbon emissions. Energy procurement is undertaken through a risk and cost-managed flexible framework, which offers competitive rates for zero-carbon electricity from renewable sources.

The University is committed to maintaining and enhancing the biodiversity of its estate, and has undertaken biodiversity audits with the Hampshire and Isle of Wight Wildlife Trust. Habitats and species were assessed and the resulting Biodiversity Action Plan provides recommendations on how the biodiversity value of University grounds may be improved. Opportunities to incorporate biodiversity are considered as developments proceed; a Green Flag ‘Highly Commended’ award was achieved for the wildflower planting adjacent to the new developments at East Park Terrace. A conservation management plan is in place for the University’s Timsbury Lake site, with progress monitored by ecological survey and assessment specialists.

We were classified as a 2.1 institution in the People and Planet Green University league table 2019.

EQUALITY, DIVERSITY AND INCLUSIVITY

In October 2018 we launched a joint staff and student Mental Health Vision 2018-2025 which was supported by awareness raising events, training and development including Mental Health First Aid for student facing staff including the Student Hub and Residence staff and mental health training for managers. Further work will continue in line with the action plan.

International Women's Day was celebrated with staff and students on 8 March 2019 and a new network - Women achievers was launched to promote the ongoing achievements, development and progression of women at the University. This group will also support the work identified from the second gender-pay-gap of 12.3% published in March 2019.

The gender pay gap is different to equal pay, which looks at role and grade to see if there are any pay differences between men and women undertaking the same jobs, similar jobs or work of equal value. We have a strong track record for equal pay for work of equal value, having undertaken three previous equal pay reviews.

As a result of the work on the gender pay gap we have:

- Started work on a mentoring programme for women
- increased the number of funded places on the Aurora Leadership programme from 3 to 10, to assist in supporting our future female leaders as part of our annual people planning cycle
- Started using software to ensure that recruitment adverts have neutral and not gendered language
- We shall continue to identify and address the barriers that prevent progression for women and also for the wider University community.

In 2020 we will extend the work on Gender Pay Gap to a Race Pay Gap. This will be further supported by the development of a BAME (Black, Asian and Minority Ethnic) staff network to identify and remove barriers for BAME staff members to support career development and progression, help gain recognition and reward for achievements, and, most importantly, ensure that everyone can flourish at Solent.

In April 2019, Solent hosted the second annual conference organised by Chrysalis, a charity that supports transgender and non-binary people and their families across Hampshire and the Isle of Wight. Deputy Vice Chancellor, Julie Hall delivered the welcome address at the start of the conference. Several Solent staff attended the conference and presented

on our work to improve inclusion for Trans and non-binary students and staff.

For the fourth year running, Solent was proud to be an Official Partner of Southampton Pride, a celebration of our LGBTQ communities which took place on 24 August 2019. This is one of the fastest growing Prides on the south coast, attracting around 15,000 people, many in the 16-25 age group. There was a visible Solent presence on the Pride Parade for the first time this year and our lively and colourful stall allowed us to engage with many visitors across the course of the day.

In spring 2018, Solent University was one of eleven universities who successfully bid for funding from the Office for Students' (OfS) catalyst programme to tackle religious-based hate crime on campus.

We recruited a Solent Graduate Intern who has worked with us on creating around a dozen videoed conversations focusing on faith, sexuality and gender identity. The videos will be made available freely for use in HE and FE institutions across the UK, along with documentation on ways in which the resources might be incorporated into teaching and learning.

Alongside the videos we are delivering two Human Library events – one took place in February 2019, the other is scheduled for October 2019. The Human Library is like a traditional library but the books are people. 'Readers' come to 'borrow' a book and have a conversation for 15-20 minutes. The aim is to improve understanding of, and increase empathy for, people in minority, disadvantaged or stigmatised communities; to foster greater understanding of some of the social issues we face in society; and to challenge stereotypes.

We continue to review regularly the equality impact assessment on our people of a range of activities to make sure that these do not impact disproportionately on any group of people.

As required by the Office for Students, we have developed an ambitious Access and Participation Plan for 2020/21-2024/25. This is focussed on increasing our outreach to disadvantaged groups and ensuring equality of outcomes for students who study with us. We have mapped the student journey and will be introducing challenging new initiatives to support all students to succeed in their studies and progress to graduate level careers, regardless of their background, ethnicity, gender, and age or whether they have a disability.

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TRADE UNION REGULATIONS 2017

Section 13 of the Trade Union Act 2016 introduced this requirement to publish data on facility time and the specific requirements are now detailed in the Trade Union (Facility Time Publication Requirements) Regulations 2017.

Solent recognises 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.

	No.	FTE's
Employees who were relevant union officials	19.0	13.01
Percentage of time		
0%	-	-
1-50%	19.0	13.01
51-99%	-	-
100%	-	-
£		
Cost of facility time		41,748
Total pay bill for the tax year 2018-19		58,253,718
Number of hours spent by employees who were relevant union officials on paid trade union activities		80

ESTATES

During the course of the academic year the University has continued to invest heavily in its estate and infrastructure. This investment ensures that our learning and teaching facilities remain fit for purpose, and continue to support the academic curriculum and the University's pedagogic aims and objectives.

East Park Terrace

The University's new £28m Solent Sports Complex, situated adjacent to the Spark building on East Park Terrace, opened in May 2019. The new building has 2 large sports halls, seating for over 250 spectators, two fitness studios, an indoor cycling studio, three gyms for different use and a sports and exercise therapy clinical space. The building includes 67 underground car parking spaces and, in line with the University's Environmental and Sustainability Strategy, was designed to achieve a BREEAM Excellent standard.

The new complex replaces facilities currently leased from Southampton City Council and provides academic teaching facilities for sports related degree programmes as well as providing dedicated facilities for elite athlete students and for recreational sport use by students, staff and the general public. The new facilities will also support the University's ambition to increase its profile and standing in the British Universities and Colleges Sport (BUCS) league.

To support the University's Maritime Strategy, new facilities have been provided at Southampton to release the Warsash campus upper site for redevelopment and partial disposal. A major refurbishment of the Reginald Mitchell building was completed in August 2018 which provides dedicated training facilities for maritime training programmes. The new facilities include classrooms and specialist equipment, replacing the dated ones at the Warsash campus, and will allow the University to offer leading edge professional continuing development to the maritime sector.

The second Maritime project was the new Gosling Foundation WSMSE Simulation Centre in the Michael Andrews building which was completed in spring 2019. It is the UK's largest Maritime Simulator Suite and the largest open-access facility in Europe. The new suite has 6 simulators, including a 5 metre 270 degree ship's bridge simulator, and provides training facilities of the highest quality in the UK maritime training sector.

Elsewhere on the East Park Terrace campus, a number of significant developments have been completed to improve facilities, make more efficient use of the campus and support the development of academic programmes. These include:

- Creation of an additional sports therapy lab to support course growth.
- Provision of an additional performance space with sprung floor and mirrored wall for performance degree students.
- Refurbishment of various areas of the Mountbatten Library areas with new group working spaces and pods to support the Student Experience.
- Improved student facilities for assignment submissions and to enable the vacation of Reginal Mitchell north annexe.
- Creation of Efficient Deck Handling facility at St. Marys Campus to allow this course to be moved from Warsash ahead of the lower site development works.
- Refurbishment of areas within the Michael Andrews and Reginal Mitchell buildings create improved staff office spaces.
- Upgrading of bedrooms and replacement of furniture at the Hamwic Hall of Residence.
- Replacement of kitchen windows to 8 and 7 storey blocks A and B of Deanery Hall of Residence.

In addition, a number of smaller projects have been completed across the estate, ranging from redecoration works to replacement of infrastructure such as lifts and engineering services. These projects are an essential part of ensuring the estate remains safe and provides a 'fresh' and welcoming environment to students, staff, and visitors.

Warsash Campus

The project to create a self-contained Safety Training Centre at the Warsash campus, comprising of specialist firefighting and sea survival facilities, has continued over the last 12 months with significant progress. Infrastructure works to separate the 'retained' and 'surplus' parts of the site started in the summer of 2019 following the appointment of a main contractor earlier in the year, and planning permission was granted by Fareham BC in July 2019 for a new Fire School building. This is to be built in partnership with Hampshire Fire and Rescue Service, and construction work is expected to start early in 2020 for completion the following year.

Detailed design work has also progressed on a dedicated Safety Training facility which includes the latest Helicopter Underwater Training Facility (HUET), a training pool with davit, classrooms, changing rooms and social space for training delegates. This new building will provide much improved and modernised teaching facilities for the School and will replace facilities the University currently leases. The Safety Training Centre is expected to be complete by the autumn of 2021.

Land Disposals

The University marketed the Warsash surplus site and Six Dials car park for disposal during the 2018-2019 academic year. The Warsash surplus site attracted significant interest and a preferred bidder given a period of exclusivity to undertake surveys due diligence. The University expects to enter into contract with the bidder by autumn 2019 and complete the sale once planning permission has been secured.

A number of bids were received for the Six Dials car park and an unconditional offer accepted. The sale has now completed with the University continuing to use the car park until the summer of 2020.

CONCLUSION

The year has seen considerable activity and has proven to be developmental and successful, despite the very challenging political and external environment. The University continues to be in a strong financial position and its estate and resource base continues to improve. The strategy provides an excellent platform for the future and although uncertainties exist there are many opportunities as well as challenges ahead. The student experience and student achievement continue to be the main priorities. These will be greatly supported by our growing research and international activity. The annual financial surplus and will again go to enabling current and future estates and resource plans



Phil Cotton

Pro-Chancellor and Chairman of the Board of Governors



Professor Julie Hall

Interim Vice-Chancellor



C O R P O R A T E G O V E R N A N C E S T A T E M E N T

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 and Articles of Government, the latest version of which were approved by the Privy Council in November 2017 when the University changed its name from Southampton Solent University to Solent University.

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 has adopted the Statement of Primary Responsibilities as set out by the CUC in its Higher Education Code of Governance 2014 Appendix 1, namely:

1. To approve the mission and strategic vision of the institution, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be – where possible and appropriate - benchmarked against other comparable institutions.
3. To delegate authority to the head of the institution, as chief executive, for the academic, corporate, financial, estate and human resource management of the institution. And to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of the institution.
4. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls with risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
5. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.
6. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
7. To safeguard the good name and values of the institution.
8. To appoint the head of the institution as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
9. 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.

10. To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
11. 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 responsibility for the institution's assets, property and estate.
12. To be the institution's legal authority and, as such, to ensure that 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.
13. To receive assurance that adequate provision has been made for the general welfare of students.
14. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.
15. To ensure that the institution's constitution is followed at all times and that appropriate advice is available to enable this to happen.

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

The Chair of the Board is elected from the independent members. There is also provision for the appointment of co-opted members, some of whom are members of the staff of the institution, 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 2018-2019 the Board comprised a 50/50 ratio in male/female members, with 11% of members of non-white British ethnicity. On joining the Board, all members complete an equality and diversity declaration.

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.

Although the Board of Governors meets at least four times each academic year, much of its detailed work is initially handled by its committees: Resources; Audit; Governance; Remuneration; and Student Liaison and Experience. The decisions of these committees are formally reported to the Board. All of these committees are formally constituted with terms of reference and, with the exception of the Student Liaison and Experience Committee, comprise mainly independent and co-opted members of the Board, other than co-opted student and staff members. Audit Committee and Remuneration Committee membership also includes 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

RESOURCES COMMITTEE

The Resources Committee considers and keeps under review such strategic aspects of 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; review and recommendation to the Board of Governors of Annual Financial Statements; 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.

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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 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 incidents; and whistleblowing and ensures that all significant losses have been properly investigated and reported.

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. .

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 having served as the University's external audit provider since 2004.

The membership of the Audit Committee during 2018-2019 is given below:

Name	Occupation	Qualification
Alison Colley	Solicitor, Real Employment Law Advice	LLB Law Degree
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 Rockschool Limited, Director, Federation of Awarding Bodies	BA General Arts
Emma Tiller	Inspector, Marine Accident Investigation Branch (MAIB)	BA (Hons) Business, Management, Marketing

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 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 four yearly review of the effectiveness of the Board and its committees.

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 COMMITTEE

The Remuneration Committee, which comprises only independent members, determines 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. Solent University has adopted the CUC's HE Senior Staff Remuneration Code which was published in June 2018.

STUDENT LIAISON AND EXPERIENCE COMMITTEE

The Student Liaison and Experience Committee operated as a channel of communication between the Board of Governors and the Students' Union. Its remit related to the non-academic aspects of the student experience. It also received termly and Student Union management accounts, and advised the Board on these, as appropriate. The Students' Union's annual accounts are presented to the Board of Governors.

The Committee was disbanded in May 2019 and its role has been absorbed into the newly-formed Student Board which meets three times per year and is co-chaired by the Vice-Chancellor and the President of the Students' Union.

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 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. He 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. He is required to advise the Board if, at any time, any action or policy under consideration by the Board appears to him 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.

Professor Graham Baldwin was appointed by the Board of Governors in February 2014 and took up the post of Vice-Chancellor on 18 August 2014. He left the University at the end of September 2019 to become Vice-Chancellor at UCLAN. Professor Karen Stanton, from York St John University, was appointed as Vice-Chancellor at Solent by the Board of Governors in October 2019 and will join the University in February 2020. Professor Julie Hall has been appointed Interim Vice-Chancellor for the intervening period.

Approved by the Board of Governors on
27 November 2019
And signed on its behalf by:



Phil Cotton

Pro-Chancellor and Chairman of the Board of Governors



Professor Julie Hall

Interim 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 funding with 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 Board of Governors annually monitors the delivery of the University's Strategic Plan. As part of its monitoring process, the Board approves the University's Annual Monitoring Statement and Financial Forecast, which are 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 from the chair of the Audit Committee concerning internal control;
- 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 schools 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;
- the Board of Governors sets the policy where the University does not seek to recover the full cost of its activities. 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.

PwC served as the University's internal auditor up to the end of 2018-2019. PwC operates to standards defined in the Audit Code of Practice originally published by HEFCE

in July 2016. 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.

The internal audit plan of PwC, was approved in July 2019.

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

On 15 April 2019, the Board of Governors received a letter from the Office for Students (OfS) relating to 'Prevent monitoring: Accountability and Data Return and Risk Assessment Outcome' which confirmed that Solent demonstrated 'due regard to the Prevent duty' and was 'not at higher risk of non-compliance with Prevent'.

The CUC's Higher Education Code of Governance 2014 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 completed in 2015 using Allan Schofield's framework which launched by the Leadership Foundation for Higher Education (LFHE) in 2011. 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 current governance arrangements, good communication and relationships. Recommendations for >>

continuing to improve board effectiveness were approved by the Board in November 2015 together with an action plan and this was published on the University's website. Completion of the Board-approved actions was reported to Governance Committee on 28 June 2016.

In accordance with the CUC Higher Education Code of Governance, the next review will be carried out during the early part of the 2019-2020 academic year. The results will be published in the annual financial statements for 2019-2020.

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 27.11.19
and signed on its behalf by:



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



INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT TO THE GOVERNORS OF SOLENT UNIVERSITY

Opinion

We have audited the financial statements of Solent University ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2019 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).

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 2019 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;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and relevant legislation.

Basis for opinion

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

Conclusions relating to going concern


We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the board members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the University's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The board 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 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 higher education institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS and Research England have been applied in accordance the Terms and Conditions of Funding and any other terms and conditions attached to them.
- The requirements of the OfS’s accounts direction have been met.

Responsibilities of the Board of Governors

As explained more fully in the board members responsibilities statement set out on page 26 to 28, the board is 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 board members 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 board 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 board either intend 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.

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 Solent 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 board, as a body, in accordance with paragraph 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the University's board 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 board members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

David I'Anson, (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton
United Kingdom

Date: *28 November 2019*

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

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 2015 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.

BASIS OF CONSOLIDATION

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2019.

Solent University Limited (SUL) and Solent University Services Limited (SUS) are wholly owned subsidiaries of the University. Solent Campus Pathways 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 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 accounts 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 refurbishment	– 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. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and included within the I&E unrestricted reserve. Any ineffective portions 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 are 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.

CASH FLOWS AND CASH EQUIVALENTS

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with a short maturity and insignificant risk of change in value and are accessible within 90 days.

FOREIGN CURRENCIES

The University holds euro bank accounts, All euro transactions are converted at the rate for the year. 2018-2019 rate as at 31 July 2018, Euro assets and liabilities are revalued at year end.

Transactions denominated in other 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 2019

	Notes	Consolidated		University	
		2019	2018	2019	2018
		£'000	£'000	£'000	£'000
INCOME					
Tuition fees and education contracts	1	85,564	89,991	84,236	88,506
Funding body grants	2	7,216	8,657	7,216	8,657
Research grants and contracts	3	250	396	250	396
Other income	4	19,634	18,141	20,154	19,109
Investment income	5	137	107	136	107
Donations and endowments	6	402	390	402	389
Total income		113,203	117,682	112,394	117,164
EXPENDITURE					
Staff costs	7	64,596	63,334	63,228	63,334
Other operating expenses		37,362	37,494	38,409	37,060
Depreciation	11	7,094	5,529	6,909	5,444
Interest and other finance costs	8	2,860	3,123	2,860	3,123
Total expenditure	9	111,912	109,480	111,406	108,961
Surplus before other gains		1,291	8,202	988	8,203
Loss on disposal of fixed assets		(9)	-	(9)	-
Gain on investments	19	126	93	126	93
Surplus before tax		1,408	8,295	1,105	8,296
Taxation	10	-	-	-	-
Surplus for the year		1,408	8,295	1,105	8,296
Actuarial (loss)/gain in respect of pension schemes	18	(22,600)	24,620	(22,600)	24,620
Fair value loss in respect of cash flow hedge		(1,898)	-	(1,898)	-
Total other comprehensive income		(24,498)	24,620	(24,498)	24,620
Total comprehensive (expenditure)/income for the year		(23,090)	32,915	(23,393)	32,916
Represented by:					
Endowment comprehensive income for the year		125	98	125	98
Restricted comprehensive income for the year		19	425	19	425
Unrestricted comprehensive income for the year		(23,234)	32,392	(23,537)	32,393
(Loss)/gain attributable to the University		(23,090)	32,915	(23,393)	32,916
Attributable to the non-controlling interest		(4)	-	-	-
		(23,094)	32,915	(23,393)	32,916

The Notes on pages 40 to 57 form part of these Financial Statements

STATEMENT OF CHANGES IN RESERVES YEAR ENDED 31 JULY 2019

Consolidated	Total					Total
	Endowment	Restricted	Unrestricted	excluding	NCI	
	£'000	£'000	£'000	£'000	£'000	
Balance at 1 August 2017	944	8	72,160	73,112	-	73,112
Surplus/(deficit) from the I & E statement	98	425	7,772	8,295	-	8,295
Other comprehensive income	-	-	24,620	24,620	-	24,620
Transfer of funds	(45)	(2)	47	-	-	-
Total comprehensive income	53	423	32,439	32,915	-	32,915
Balance at 1 August 2018	997	431	104,599	106,027	-	106,027
Surplus/(deficit) from the I & E statement	125	19	1,264	1,408	(4)	1,404
Other comprehensive income	-	-	(24,498)	(24,498)	-	(24,498)
Transfer of funds	(25)	(431)	456	-	-	-
Total comprehensive income	100	(412)	(22,778)	(23,090)	(4)	(23,094)
Balance at 31 July 2019	1,097	19	81,821	82,937	(4)	82,933

University	Total					Total
	Endowment	Restricted	Unrestricted	excluding	NCI	
	£'000	£'000	£'000	£'000	£'000	
Balance at 1 August 2017	944	6	72,106	73,056	-	73,056
Surplus/(deficit) from the I & E statement	98	425	7,773	8,296	-	8,296
Other comprehensive income	-	-	24,620	24,620	-	24,620
Transfer of funds	(45)	-	45	-	-	-
Total comprehensive income	53	425	32,438	32,916	-	32,916
Balance at 1 August 2018	997	431	104,544	105,972	-	105,972
Surplus/(deficit) from the I & E statement	125	19	961	1,105	-	1,105
Other comprehensive income	-	-	(24,498)	(24,498)	-	(24,498)
Transfer of funds	(25)	(431)	456	-	-	-
Total comprehensive income	100	(412)	(23,081)	(23,393)	-	(23,393)
Balance at 31 July 2019	1,097	19	81,463	82,579	-	82,579

BALANCE SHEET AS AT 31 JULY 2019

	Notes	Consolidated		University	
		2019	2018	2019	2018
		£'000	£'000	£'000	£'000
Non-current assets					
Fixed assets	11	179,589	155,196	176,438	152,609
Investments	12	62	44	2,713	2,844
		<u>179,651</u>	<u>155,240</u>	<u>179,151</u>	<u>155,453</u>
Current assets					
Trade and other receivables	13	14,148	13,453	15,026	15,085
Current investments	14	1,097	996	1,097	996
Cash and cash equivalents		19,872	33,560	18,879	31,561
		<u>35,117</u>	<u>48,009</u>	<u>35,002</u>	<u>47,642</u>
Less creditors falling due within one year	15	(25,803)	(38,566)	(25,542)	(38,467)
Net current assets		<u>9,314</u>	<u>9,443</u>	<u>9,460</u>	<u>9,175</u>
Total assets less current liabilities		<u>188,965</u>	<u>164,683</u>	<u>188,611</u>	<u>164,628</u>
Creditors: due after more than one year	16	(40,732)	(21,141)	(40,732)	(21,141)
Provisions					
Pension provisions	18	(62,973)	(34,693)	(62,973)	(34,693)
Other provisions	18	(2,327)	(2,822)	(2,327)	(2,822)
TOTAL NET ASSETS		<u><u>82,933</u></u>	<u><u>106,027</u></u>	<u><u>82,579</u></u>	<u><u>105,972</u></u>
Restricted Reserves					
I & E reserve - endowment reserve	19	1,097	997	1,097	997
I & E reserve - restricted reserve	20	19	431	19	431
Unrestricted Reserves					
I & E reserve - unrestricted		81,821	104,599	81,463	104,544
		<u>82,937</u>	<u>106,027</u>	<u>82,579</u>	<u>105,972</u>
Non-controlling interest		(4)	-	-	-
TOTAL RESERVES		<u><u>82,933</u></u>	<u><u>106,027</u></u>	<u><u>82,579</u></u>	<u><u>105,972</u></u>

These Financial Statements were approved and authorised for issue by the Board of Governors on 27 November 2019.



Phil Cotton
Pro-Chancellor and Chairman of Board of Governors



Professor Julie Hall
Interim Vice Chancellor

The Notes on pages 40 to 57 form part of these Financial Statements

CASH FLOW STATEMENT YEAR ENDED 31 JULY 2019

	Notes	2019	2018
		£'000	£'000
Cash flow from operating activities			
Surplus for the year		1,408	8,295
Adjustment for non-cash items			
Depreciation	11	7,094	5,529
Gain on investments	19	(126)	(93)
Increase in debtors	13	(695)	(725)
(Decrease)/Increase in creditors	15	(1,662)	1,195
Increase in pension cost less contribution payable	18	5,680	3,195
(Decrease)/Increase in other provisions	18	(495)	207
Adjustment for investing or financing activities			
Investment income	5	(137)	(107)
Interest payable	8	1,913	1,726
Loss on the sale of fixed assets		9	-
Capital Grant Income	2	(642)	(1,249)
Net cash inflow from operating activities		12,347	17,973
Cash flows from investing activities			
Proceeds from sales of fixed assets		29	29
Capital Grant Receipts		785	933
Withdrawal of deposits		25	74
Investment income		137	107
Payments made to acquire fixed assets		(32,794)	(26,185)
New non-current asset investments		(25)	(25)
		(31,843)	(25,067)
Cash flows from financing activities			
Interest paid		(1,901)	(1,714)
Interest element of finance lease		(12)	(12)
New secured loans		20,000	10,000
Repayments of amounts borrowed		(12,749)	(1,789)
Capital element of finance lease		470	(568)
		5,808	5,917
Decrease in cash and cash equivalents in the year		(13,688)	(1,177)
Cash and cash equivalents at beginning of the year		33,560	34,737
Cash and cash equivalents at end of the year		19,872	33,560

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2019

1. TUITION FEES AND EDUCATIONAL CONTRACTS	Consolidated		University	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Full-time home and EU students	69,960	74,799	69,960	74,799
Full-time international students	4,792	4,807	4,792	4,807
Part-time students	1,940	2,111	1,940	2,111
Non credit bearing course fees	6,759	7,116	5,489	5,631
Apprenticeship Fees	1,796	843	1,796	843
Other	312	285	254	285
Research Training Support Grant	5	30	5	30
	85,564	89,991	84,236	88,506

2. FUNDING BODY GRANTS	Consolidated		University	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Recurrent grant				
Higher Education Funding Council / Office for Students	5,164	5,789	5,164	5,789
Capital grant	642	1,249	642	1,249
Specific grants				
Special initiatives	1,410	1,619	1,410	1,619
	7,216	8,657	7,216	8,657

3. RESEARCH GRANTS AND CONTRACTS	Consolidated		University	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Research councils	1	-	1	-
Research charities	76	152	76	152
Government (UK and overseas)	111	158	111	158
Industry and commerce	-	40	-	40
Other	62	46	62	46
	250	396	250	396

4. OTHER OPERATING INCOME

	Consolidated		University	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Residences, catering and conferences	12,332	13,049	11,924	12,499
Other services rendered	954	642	763	569
Other income	6,348	4,450	7,467	6,041
	19,634	18,141	20,154	19,109

5. INVESTMENT INCOME

	Notes	Consolidated		University	
		2019	2018	2019	2018
		£'000	£'000	£'000	£'000
Investment income on endowments	19	-	5	-	5
Other investment income		137	102	136	102
		137	107	136	107

6. DONATIONS

	Consolidated		University	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Donations with restrictions	-	12	-	11
Unrestricted donations	402	378	402	378
	402	390	402	389

7. STAFF COSTS

	Consolidated		University	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Salaries	45,200	46,392	43,958	46,392
Social security costs	4,925	5,073	4,859	5,073
Other pension costs	7,823	7,917	7,763	7,917
Movement on pension provision	4,733	1,798	4,733	1,798
Redundancy costs	1,915	2,154	1,915	2,154
Total	64,596	63,334	63,228	63,334

Redundancy staff numbers

Consolidated		University	
2019	2018	2019	2018
116	87	116	87

Emoluments of the Vice-Chancellor:

	Consolidated		University	
	2019	2018	2019	2018
	£	£	£	£
Salary	221,487	217,144	221,487	217,144
Performance-related pay	11,075	10,857	11,075	10,857
Total before pension contributions	232,562	228,001	232,562	228,001
Pension contributions & payments in lieu	32,075	31,276	32,075	31,276
Total	264,637	259,277	264,637	259,277

7. STAFF COSTS (CONTINUED)

The Remuneration Committee, chaired by the Alison Colley Vice-Chair of the Board of Governors along with two further independent members and a co-opted member reviewed the Vice-Chancellor's remuneration at its July and November 2018 meetings. The Vice-Chancellor was not present for either discussion.

The Committee paid particular attention to the analysis of the CUC 2018 survey which showed that when compared with institutions of a similar income and nature the Vice-Chancellor's salary was within the median range. On this basis the Vice-Chancellor was awarded the same percentage increase as the majority of people working at Solent i.e. 2.0% from 1 August 2018 taking his base salary from £217,144 to £221,487. An allowance in lieu of employers pension contributions was made of £32,075.04.

In considering the Vice-Chancellor's eligibility for performance related earnings the Committee took account of the achievement of objectives that had been set for the previous year. As with all other employees the maximum amount available was a 5% non-consolidated payment. The Chair, Vice-Chair and People and Development representative had initial discussions about the supporting metrics prior to the November meeting and the Committee considered this formally at that meeting.

At the meeting the Committee discussed these and noted the very significant achievement of a Silver Award in the Teaching Excellence and Student Outcomes Framework; the University rising from 103rd to 81st in the Guardian University Guide and from 100th to 85th in the Sunday Times League Table; Solent's highest ever score in the National Student Survey (NSS); the highest ever scores for professional and managerial employment in the DLHE; the improved retention rates and recruitment of students ahead of target and budget for 2018/19; that the budgeted surplus of 5% for 2017/18 was exceeded; the growth in the positive reputation and profile of Solent University locally and nationally; and the successful inauguration of Theo Paphitis as Chancellor. Taking all this into account they awarded the maximum performance related payment of £11,075.

Vice-Chancellors pay as a multiple of the median employee of the university per the Office for Students accounts direction 19 June 2018

	2019	2018
	No.	No.
Basic pay	6.7	6.3
Total remuneration	7.3	6.8

Remuneration of other higher paid staff, not including the Vice Chancellor, excluding employer's pension contributions

	2019	2018	2019	2018
	No.	No.	No.	No.
£100,000 to £104,999	1	2	1	2
£105,000 to £109,999	-	1	-	1
£110,000 to £114,999	4	1	4	1
£115,000 to £119,999	1	-	1	-
£120,000 to £124,999	-	1	-	1
£135,000 to £139,999	1	-	1	-
	7	5	7	5

7. STAFF COSTS (CONTINUED)

	Consolidated		University	
	2019	2018	2019	2018
Average staff numbers by major category :	FTE	FTE	FTE	FTE
Academic Departments	596	617	588	617
Administration	345	387	304	387
Academic Services	172	177	162	177
Premises	48	51	47	51
Residences, Catering and Conferences	23	26	22	26
Research Grants and Contracts	14	5	14	5
	1,198	1,263	1,137	1,263

Compensation for loss of office payable to higher paid staff

There has been no compensation paid in the last 2 years.

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	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
	1,268	1,348	1,268	1,348

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.

8. INTEREST AND OTHER FINANCIAL COSTS

	Notes	Consolidated		University	
		2019	2018	2019	2018
		£'000	£'000	£'000	£'000
Loan interest		1,901	1,714	1,901	1,714
Finance lease interest		12	12	12	12
Net charge on pension scheme	18	947	1,397	947	1,397
		2,860	3,123	2,860	3,123

9. ANALYSIS OF TOTAL EXPENDITURE

	Consolidated		University	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Other operating expenses include:				
External auditors in respect of audit services	53	48	44	43
External auditors in respect of non-audit services	35	65	20	60
Operating lease rentals				
Land and buildings	5,324	5,204	5,324	5,204
Other	121	160	121	160

10. TAXATION

No corporation tax charge (2018: 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.

11. FIXED ASSETS

Consolidated	Freehold and Leasehold				
	Land	Building	Asset Under Construction	Equipment	Total
Cost	£'000	£'000	£'000	£'000	£'000
At 1 August 2018	21,915	131,792	23,702	21,978	199,387
Additions	-	-	28,336	3,189	31,525
Transfers	-	47,542	(47,542)	-	-
Disposals	-	-	-	(288)	(288)
At 31 July 2019	21,915	179,334	4,496	24,879	230,624
Depreciation					
At 1 August 2018	-	29,624	-	14,567	44,191
Charge for the year	-	5,364	-	1,730	7,094
Disposals	-	-	-	(250)	(250)
At 31 July 2019	-	34,988	-	16,047	51,035
Net Book Value at 31 July 2019	21,915	144,346	4,496	8,832	179,589
Net Book Value at 31 July 2018	21,915	102,168	23,702	7,411	155,196

11 FIXED ASSETS (CONTINUED)

University	Freehold and Leasehold				
	Land	Building	Asset Under Construction	Equipment	Total
Cost	£'000	£'000	£'000	£'000	£'000
At 1 August 2018	21,595	129,289	23,702	21,664	196,250
Additions	-	-	28,312	2,841	31,153
Transfers	-	47,518	(47,518)	-	-
Disposals	-	-	-	(665)	(665)
At 31 July 2019	21,595	176,807	4,496	23,840	226,738
Depreciation					
At 1 August 2018	-	29,239	-	14,402	43,641
Charge for the year	-	5,272	-	1,637	6,909
Disposals	-	-	-	(250)	(250)
At 31 July 2019	-	34,511	-	15,789	50,300
Net Book Value at 31 July 2019	21,595	142,296	4,496	8,051	176,438
Net Book Value at 31 July 2018	21,595	100,050	23,702	7,262	152,609
Leased assets included above:					
	Land	Buildings	Asset Under Construction	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Net Book Value at 31 July 2019	712	-	-	540	3,825
Net Book Value at 31 July 2018	712	3,113	-	-	3,825

12. NON-CURRENT INVESTMENTS

	Subsidiary	Other fixed	Total
	companies	assets	
	investments		
	£'000	£'000	£'000
Consolidated			
At 1 August 2018	-	44	44
Additions	-	25	25
Impairment	-	(7)	(7)
At 31 July 2019	-	62	62
University			
At 1 August 2018	2,800	44	2,844
Additions	1	25	26
Impairment	(150)	(7)	(157)
At 31 July 2019	2,651	62	2,713

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 (2018: £2.7 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 £0.1 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 has acquired 51% of the issued ordinary share capital of £1,000 of Solent Pathways 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	62
A not for profit bank, aimed at supporting the local economy	62

13. TRADE AND OTHER RECEIVABLES

	Consolidated		University	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Research grant receivable	36	69	36	69
Trade receivables	11,782	11,677	11,521	11,419
Other receivables	557	636	537	670
Prepayments and accrued income	1,773	1,071	1,763	1,071
Amounts due from subsidiary companies	-	-	1,169	1,856
	14,148	13,453	15,026	15,085

14. CURRENT INVESTMENTS

	Consolidated		University	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Short term investment in COIF Charities Investment Funds	1,097	996	1,097	996
	1,097	996	1,097	996

The investments are publicly traded and are valued at the year end at fair value through profit & loss. The investment re-invests all income. The unrealised gain was £126k (2018: £93k), see note 19.

15. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Secured loans	2,791	12,890	2,791	12,890
Obligations under finance leases	120	-	120	-
Trade payables	7,786	10,679	7,641	10,582
Social security and other taxation payable	1,276	1,232	1,245	1,230
Salaries and wages	2,612	2,507	2,604	2,507
Accruals and deferred income	10,656	11,055	10,589	11,055
Other payables	562	203	552	203
	25,803	38,566	25,542	38,467

16. CREDITORS : DUE AFTER MORE THAN ONE YEAR

	Consolidated		University				
	2019	2018	2019	2018			
	£'000	£'000	£'000	£'000			
Obligations under finance lease	341	-	341	-			
Secured loans	38,493	21,141	38,493	21,141			
Interest rate swap-cash flow hedge	1,898	-	1,898	-			
Total creditors due after more than one year	40,732	21,141	40,732	21,141			
Analysis of finance lease:							
Due within one year or on demand (Note 15)	129	-	129	-			
Due between one and two years	120	-	120	-			
Due between two and five years	240	-	240	-			
	360	-	360	-			
less: finance charges allocated to future years	(19)	-	(19)	-			
Total obligations under finance lease	470	-	470	-			
Analysis of secured and unsecured loans:							
Due within one year or on demand (Note 15)	2,791	12,890	2,791	12,890			
Due between one and two years	3,150	1,905	3,150	1,905			
Due between two and five years	10,164	6,456	10,164	6,456			
Due in five years or more	25,179	12,780	25,179	12,780			
Due after more than one year	38,493	21,141	38,493	21,141			
Total secured and unsecured loans	41,284	34,031	41,284	34,031			
Secured loans repayable by 2035	41,284	34,031	41,284	34,031			
	41,284	34,031	41,284	34,031			
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	11,755	13,053	11,755	13,053
University	Lloyds Bank	3 Mth LIBOR + 1.50	2023	9,518	10,006	9,518	10,006
University	Lloyds Bank	2.41	2023	20,011	-	20,011	-
University	Bank of Scotland	4.30	2019	-	957	-	957
University	Lloyds Bank	1.46	2017	-	10,015	-	10,015
				41,284	34,031	41,284	34,031

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 and Bank of Scotland loans are secured by a first legal charge over the new academic teaching building (The Spark) and the St James Mathews building, for which they partially funded.

The third lloyds bank loan is the draw down of a revolving credit loan facility which was repaid in 2018-19

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

17. FINANCIAL INSTRUMENTS

	Consolidated		University	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Financial assets that are debt instrument measured at amortised cost	32,247	45,942	30,973	43,719
Financial liabilities measured at amortised cost	(52,694)	(47,546)	(52,554)	(47,484)
Derivative financial instruments designated as hedges of variable interest rate risk	(1,898)	-	(1,898)	-

Financial assets measured at amortised cost comprise cash, trade receivables, research grant receivables and other receivables.

Financial liabilities measured at amortised cost comprise secured loans, unsecured loans, finance leases, trade payables, salaries and wages, accruals and other payables.

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

18. PROVISIONS FOR LIABILITIES AND CHARGES

Consolidated and University

	USS	HCC	Leasehold		Total
	Pension	Pension	Dilapidation	Reorganisation	
	£'000	£'000	£'000	£'000	
At 1 August 2018	253	34,440	1,495	1,327	37,515
Utilised in year	-	-	-	(951)	(951)
Additions	-	-	48	388	436
Charged in year	520	27,760	-	20	28,300
At 31 July 2019	773	62,200	1,543	784	65,300

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 provision represents obligations under the leases of the existing properties to make good dilapidations prior to the expiry of each lease.

18. 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 16.48%.

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

	2019	2018
	£000	£000
Contributions to Teachers' Pension Scheme	3,093	3,180

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 2016. 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 2019	From 1 April 2018	From 1 April 2017
Contribution Rate	16.1%	15.1%	14.1%
Additional contributions to address fund shortfall	£1,480,200	£1,360,600	£1,314,600

The University also has unfunded obligations of £270k in respect of enhanced pension entitlements to staff who took early retirement under a reorganisation programme in 1993.

18. 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 recover 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:

	2018-19	2017-18
	£	£
Provision brought forward	252,727	267,670
Staff Costs	664,569	121,492
Interest Payable (Included in pension finance costs - note 8)	7,456	6,959
Contributions	(151,987)	(143,394)
Provision carried forward	772,765	252,727

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 2016
Expected employer contributions next year	£4.93m
Duration of Liabilities	22.3 years

18. 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 2016. The major assumptions used by the actuary for the purposes of FRS 102 were:

	31 July 2019	31 July 2018	31 July 2017
Discount Rate	2.20% pa	2.95% pa	2.60% pa
RPI Inflation	3.20% pa	3.10% pa	3.10% pa
CPI Inflation	2.00% pa	2.00% pa	2.00% pa
Rate of increase in salaries	3.50% pa	3.50% pa	3.50% pa
Rate of increase in pensions in payment	2.00% pa	2.00% pa	2.00% pa
Pension accounts revaluation rate	2.00% pa	2.00% pa	2.00% pa

Mortality Assumptions

	At 31 July 2019	
	Retiring Today	Retiring in 20 years
Male	22.9	24.2
Female	25.6	27.1

	Value at 31 July 2019	Value at 31 July 2018
Asset Allocation		
Equities	60.2%	63.6%
Property	7.2%	7.0%
Government bonds	20.6%	23.1%
Corporate bonds	0.0%	1.1%
Cash	1.9%	2.1%
Other	10.1%	3.1%
Total	100.0%	100.0%

	Value at 31 July 2019	Value at 31 July 2018
	£000	£000
Reconciliation to Balance Sheet		

Funded Benefits

Fair Value of Fund Assets	125,130	113,770
Present Value of Liabilities	(187,060)	(147,920)
Funded Net Pension Liability	(61,930)	(34,150)

Unfunded Benefits

Present Value of Liabilities	(270)	(290)
Unfunded Net Pension Liability	(270)	(290)

Total Net Pension Liability	(62,200)	(34,440)
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18. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Amounts recognised in income statement	2019	2018
	£000	£000
Operating cost		
Current Service Cost	5,190	6,370
Past Service Cost	4,140	340
Financing cost		
Interest Cost (included in Pension Finance Costs - Note 8)	940	1,390
Pension expense recognised in profit and loss	10,270	8,100
Allowance for administration expenses included in Current service cost	60	70
Amounts recognised in other comprehensive income	2019	2018
	£000	£000
Asset gains arising during the period	4,340	7,800
Liability (losses)/gains arising during the period	(26,940)	16,820
Total amount recognised in other comprehensive income	(22,600)	24,620
Changes to the present value of the defined benefit obligation	2019	2018
	£000	£000
Opening Value of Liabilities	148,210	155,950
Current Service Cost	5,190	6,370
Interest Cost	4,350	4,040
Contributions by Participants	1,490	1,600
Actuarial losses/(gains)	23,860	(16,820)
Net Benefits Paid Out	(2,990)	(3,270)
Past Service Cost	4,140	340
Closing Value of Liabilities	184,250	148,210
The closing liability includes £270,000 (2018: £290,000) in respect of unfunded benefits.		
Changes to the fair value of assets	2019	2018
	£000	£000
Opening fair value of assets	113,770	100,100
Interest income on assets	3,410	2,650
Remeasurement gains on assets	4,340	7,800
Contributions by the employer	5,080	4,850
Contributions by participants	1,490	1,600
Net benefits paid out	(2,960)	(3,230)
Closing fair value of assets	125,130	113,770
Actual return on assets	2019	2018
	£000	£000
Interest income on assets	3,410	2,650
Gain on assets	4,340	7,800
Actual return on assets	7,750	10,450

19. EXPENDABLE ENDOWMENT RESERVE

	2019	2018
	£'000	£'000
Balances at 1 August 2018		
Capital	836	836
Accumulated income	161	108
	997	944
New endowments	-	-
Investment income	-	5
Expenditure	(26)	(45)
Increase in market value of Investments	126	93
At 31 July 2019	1,097	997
Represented by:		
Capital	836	836
Accumulated income	261	161
	1,097	997
Analysis by type of purpose:		
Research support	1,092	969
General	5	28
	1,097	997
Analysis by asset		
Current and non-current asset investments	1,097	997
Cash & cash equivalents	-	-
	1,097	997

All endowments are classified as restricted expendable endowments. The endowments are made up of four linked (paragraph w) charities with the aim of supporting research.

20. RESTRICTED RESERVES

Reserves with restrictions are as follows:

	Grants	Donations	2019 Total	2018 Total
	£'000	£'000	£'000	£'000
Balances at 1 August 2018	430	1	431	8
New grants	-	-	-	2,301
New donations	-	19	19	-
Grants utilised	(430)	-	(430)	(1,878)
Expenditure	-	(1)	(1)	-
Movement for the year	(430)	18	(412)	423
At 31 July 2019	-	19	19	431

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

Capital Grant	-	425
Research support	-	5
Prize funds	-	1
Student Bursaries	19	-
	19	431

21. CAPITAL COMMITMENTS

	Consolidated		University	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Commitments contracted but not provided for	4,544	17,191	4,544	17,191

22. CONTINGENT LIABILITIES

At 31 July 2019 the Governors were not aware of any liabilities for which full provision has not been made.

23. LEASE OBLIGATIONS

Total rentals payable under operating leases:

	31 July 2019		31 July 2018	
	Land and Buildings	Plant and Machinery	Total	Total
	£'000	£'000	£'000	£'000
Payable during the year	5,324	121	5,445	5,364
Future minimum lease payments due:				
Not later than 1 year	4,612	91	4,703	5,488
Later than 1 year and not later than 5 years	5,425	2	5,427	9,614
Later than 5 years	996	-	996	2,644
Total lease payments due	11,033	93	11,126	17,746

24. EVENTS AFTER THE REPORTING PERIOD

The Governors are not aware of any post balance sheet events.

25. 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 Ltd	Maritime based consultancy and training	100% owned	12
Solent University Services Ltd	Education support services	100% owned	12
Solent Campus Pathway Ltd	Education services	51% owned	12

26. 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 £2,437 was paid to 6 Governors (2018: £3,300 paid to 7 Governors).

During the year ended 31 July 2019 the University had transactions with a number of organisations which fell within the definition of Related Parties under FRS 102. 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.

26. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Solent University		Sales to	Purchases	Amounts	Grants and
		related	from	owed to	loans made
		party	related	related	to related
		party	party	party	party
		£000	£000	£000	£000
Solent Students Union 2018-19					
	Trade	-	9	-	-
	Grant	-	-	42	475
Solent Students Union 2017-18					
	Trade	3	5	-	-
	Grant	-	-	41	512

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.

During the year ended 31 July 2019 the University also received a £4.05m grant from the Solent Local Enterprise Partnership. A further £1.12m is expected to be received in the year ended 31 July 2020. The grant is intended to enable the refurbishment of the Reginald Mitchell Building and Andrews Learning Resources Centre at the University's main campus at East Park Terrace, to develop new classrooms and simulation facilities for the delivery of professional and higher education programmes. Vice-Chancellor Professor Graham Baldwin is a member of the Solent Local Enterprise Partnership's Learning & Skills board.

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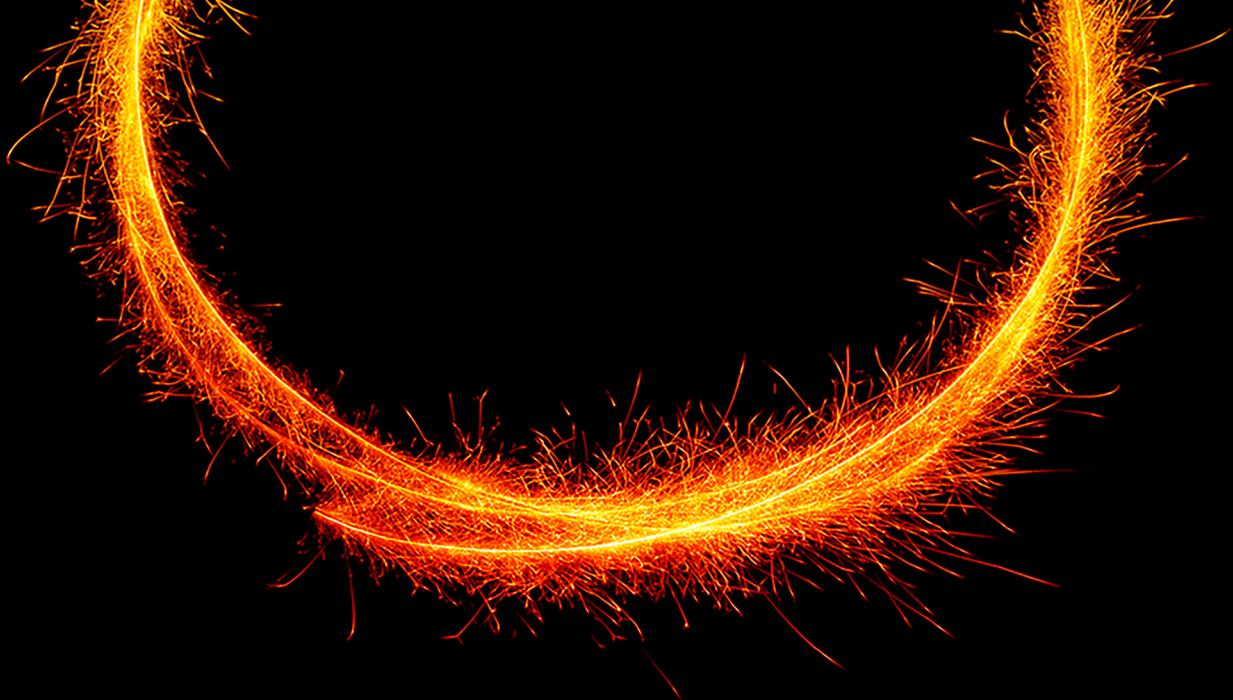
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