

FINANCIAL STATEMENTS

For the year ended 31 July 2020



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W E L C O M E

From the Pro-Chancellor and Chairman of Governors and the Vice-Chancellor

We are delighted to introduce Solent University operating and financial review for 2019-20, a year which has seen unprecedented events across the world and once again witnessed significant change and development within the Institution. It has been a challenging year both in terms of the financial and recruitment position of the University but also in view of the very difficult external environment.

The Academic Year of 2019-20 was one defined by change. At Solent University we saw several transformations, not least of them to the senior team. At the end of September 2019, the previous Vice-Chancellor Professor Graham Baldwin left the University to take up the position of the Vice-Chancellor at the University of Central Lancashire. Professor Julie Hall assumed the position of Interim Vice-Chancellor until the appointment of the current Vice-Chancellor, Professor Karen Stanton, in February 2020. A number of other Vice-Chancellor's Group appointments were also made in that period. Tere McGonagle Daly, Pro Vice-Chancellor External Relations, and Professor Osama Khan, Pro Vice-Chancellor Students and Teaching, left the University at the beginning of the Academic Year and were replaced by Nona McDuff OBE as the new Pro Vice-Chancellor Students and Teaching and Leigh Rengger as the new Chief Marketing Officer.

In February 2020 the Vice-Chancellor's Group was extended to include the Deans of 5 Schools, to provide academic input. Shortly after, the then Chief Finance Officer Andy Riggs left the University and the Vice-Chancellor's Group was later joined by the current Interim Finance Director Stephen Avery. At the end of the academic year, Sarah Briscoe, the Dean of School of Business, Law and Communications retired from the University and the 5 Schools were re-structured to 3 Faculties. Professor Syamantak Bhattacharya was successfully appointed to the new role of Pro Vice-Chancellor Research and Knowledge Exchange.

The University thanks Professor Baldwin, Tere McGonagle-Daly, Osama Khan and Andy Riggs for their contribution to the University during their time at the University and Professor Julie Hall for acting as Interim Vice-Chancellor.

The start of 2020 saw further change, which affected not just Solent University but also the whole of the UK and indeed the world. COVID-19 affected our everyday lives and defined the rest of the academic year. Lockdown measures were introduced by the Government in the UK in March 2020 and although later eased, are still affecting everyday life, including the running of the University. At Solent University we ceased all but essential on-campus activities for a period of several weeks. Our staff and students moved immediately to using online platforms, enabling teaching and support services to be delivered within a few days. Staff and students returned to campus in June 2020 as part of a phased return. In September Professional Services staff returned on a rota basis and academic staff returned for teaching.

We adapted to Government COVID-19 measures, ensuring the health and safety of our staff and students, with flexibility and agility. We have continued to do so and to implement our return to campus and new ways of working practices, responding daily to new measures and guidance. We also planned and prepared for the new academic year in a very different environment with challenging set of circumstances. Our priority has been ensuring our students were able to successfully complete the academic year 2019-20 and return to the institution for 2020/21, although for what is to be a very different academic year.

Data is crucial to operational success of any business and it is also true for universities. In February 2020 we brought on board DataHE to provide the University with insights into our market share and in order to ensure future sustainability of the institution. This work resulted in some difficult truths for the University's future and even before COVID-19 the senior team commenced work to understand and address our declining market share. This has been expedited by the consequences of COVID-19 and the new world we found ourselves living in, as well as the requirement for the new strategy, as our previous strategic plan "Building an excellent university" 2015-20 had drawn to an end. Strategic work on the Solent Future Ready (SFR) project began. This project is delivering a review of every strand of our strategic plan, repositioning Solent University in order to create an environmentally and financially sustainable business model for the next five years and beyond. It considers a number of scenarios, growing out of the market analysis conducted by DataHE and recent developments in the sector caused by the COVID-19 pandemic.

Essential work was also needed on the University's academic profile and as a result a new approach was taken to research and rebalancing the academic base. A proposal for a new structure for the academic shape of our University that will support the delivery of a strengthened portfolio was developed, with an increased emphasis on research and knowledge exchange. Both changes aimed at increasing student recruitment, improving our market share in key subject areas and raising Solent University external profile in a far more competitive sector.

Despite the change in management structure and the very unprecedented circumstances of COVID-19, the Vice-Chancellor's Group was able to progress the SFR work quickly and efficiently and the new Strategy

2020-25 'Solent Future Ready' has been drawn up, in consultation with our internal and external communities, in readiness for the Board's final approval in November 2020.

These changes were also accompanied by external developments relating specifically to the Higher Education sector. Once again, we saw the impact of external pressures. The implementation of a student number cap, which was subsequently lifted after the introduction of teacher assessed grades; alongside the introduction of new Government regulations; the looming Brexit affecting international recruitment; COVID-19 affecting teaching and learning delivery and competition for students continuing to increase across the sector. All these factors further impacted our student recruitment and underscored the need to redesign how we do things at Solent University through the Solent Future Ready project, continuing to put our students at the heart of all we do.

Notwithstanding, the year has also seen some positive developments. As an Institution we reinvest any surpluses from previous years in order to maintain and enhance the experience and opportunities offered to our students and to safeguard high quality delivery for the future. As such we continued with estates developments, relocating the School of Art and Design from leased premises at Below Bar to the Sir James Matthews Building, progressing development of a Safety Training Centre (STC) at the Warsash Campus and the refurbishment of Hamwick and Deanery halls of residence. 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. Solent University ranked fourth in the sector, its highest ever position, for graduate start-ups and it appears in the top ten for the fourth year running, according to the data released from the Higher Education Business and Community Interaction (HE-BCI) survey. The survey looks at how universities interact and exchange knowledge with wider world. In the 2020 National Student Survey, Solent University ranked among the top 25 universities in the UK for 'Student Voice', 'Academic Support' and 'Learning Community'. The University also increased its 'Overall Satisfaction' score to 83% and is now 66th in the UK, scoring above sector average in seven of the nine survey areas, and equal to sector average in the remaining two.

We also had our best year in terms of our results in WhatUni league table, climbing 41 places in the University of the Year category for WhatUni Student Choice Awards 2020. The awards are an annual celebration of student satisfaction based on reviews by 41,000 students across 12 categories and Solent University moved up to 33 out of 131 institutions. The university went up in 10 categories, including University of the year, Facilities, Courses and lecturers, Student support, Accommodation, International experience, Local life, Job prospects, Societies and sport and Student Union.

In fulfilment of our mission we continued to work on increasing the proportion of recruitment from low participation neighbourhoods and state schools, as well as on our commitment to making positive impact on economic growth and local communities. Despite of the significant challenges of COVID-19 teams across the University persevered in ensuring continued success, delivering a wide range of activities within schools, colleges and the local communities, targeting and promoting Higher Education to the most disadvantaged and underrepresented groups.

Despite some hugely important successes in terms of student satisfaction, impact on communities and University's reputation, the uncertainty of recent months remains as we await further developments and guidance relating to COVID-19, as well as the approaching Brexit at the end of the year. We are however well placed, as a result of the SFR work on workstreams and the new strategy, to meet the emerging requirements with a focus on 'Future Ready'. 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 Karen Stanton
Vice-Chancellor

FINANCIAL HIGHLIGHTS

	2020	2019
RESULTS, CASH FLOWS, ASSETS AND RESERVES	2020	Restated
	<u>£000</u>	<u>£000</u>
Academic Fees and Support Grants	87,030	85,564
Funding Council Grants	6,657	7,216
Research Grants and Contracts	95	250
Other Operating Income	11,805	19,634
Endowment and Investment Income	161	137
Donations and endowments	60	402
Total income	105,808	113,203
(Deficit)/Surplus for the Year After Tax	(3,306)	1,408
Other comprehensive expenditure	(46,729)	(24,498)
Total comprehensive expenditure for the year	(50,035)	(23,090)
Net cash inflow from operating activities	8,455	12,347
Decrease in cash and cash equivalents in the year	(2,653)	(13,688)
Non-current assets	180,787	179,651
Current assets	28,264	35,117
Current liabilities	(22,553)	(25,803)
Non-current liabilities	(42,281)	(43,059)
Pension liabilities	(111,315)	(62,973)
Total Reserves including Pension Liability	32,902	82,933
Other Key Statistics	2019-20	2018-19
Number of Higher Education Full-Time Equivalents	9,197	8,996
Total Number of Higher Education Students	10,511	9,911
Number of Employees	1,126	1,198

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 joint venture Solent Pathway Campus Limited (SPCL). The results of the Solent Students' Union are not included as it is a separate unincorporated association in which the University has no financial interest and no control or significant influence over policy decisions.

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

SUSL provides support staff to the University.

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

FINANCIAL REVIEW

Financial Key Performance Indicators

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

Key Financial Performance Indicator	Criteria	Outcome for 2019-2020	Outcome for 2018-2019
Net cash inflow from operating activities as a percentage of Income	Rolling 3-year average of 9-11%	11.5%	13.0%

Although due to COVID-19, the University has generated a deficit for 2019-20 the rolling three year average KPI has exceeded target as a result of the prior two year's surpluses.

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

Performance Indicator	Criteria	Outcome for 2019-2020	Outcome for 2018-2019
Annual (Deficit)/surplus (after tax and FRS102 pension costs)	At least 3% of income	-3.1%	1.2%
Staff costs as a percentage of income	Not to exceed 53% by 2023-24	58.0%	57.1%

The strategic work being carried out under the Solent Future Ready project will seek to address these performance indicators and bring them in line with the set criteria in future years.

Results for the Year

The University's results, which were significantly impacted by the ongoing COVID-19 crisis, are summarised in the Financial Highlights on page 5

Prior to COVID-19 the University was on target to deliver the approved budgeted surplus of £2.5 million. The impact of the current situation has resulted in a deficit for 2019-20 of £3.3 million, compared with the 2018-19 surplus of £1.4 million.

Total income has decreased by £7.4 million (6.5%) to £105.8 million, primarily as a result of the reduction in Other Operating Income, which includes residences, catering and conferences, as well as other income.

Funding body grants was lower by £0.6 million (7.7%) to £6.7 million, with the majority being received from the Office for Students (OfS). The OfS recurrent grant for 2019-2020 totalled £4.5 million,

representing a decrease of £0.5 million (9.9%) from 2018-2019, which was a result of the reduction in teaching grant. Targeted Allocations, which is funding received for the additional costs associated with recruiting and teaching students from under-represented social groups and communities, was £2.7 million, down slightly from £3.2 million in 2018-2019.

Tuition fees increased by £1.5 million (1.7%) to £87.0 million, as a result of higher overseas income and apprenticeship fees, offset by a decrease in short course income which was significantly affected by the COVID-19 crisis.

Other operating income decreased by £7.8 million, due to waiving the final term's accommodation fees in 2019-20 as students returned home during the national lockdown. Other operating income for 2018-19 also include LEP funding received for new simulators.

Overall total expenditure reduced by £1.7 million (1.5%) to 110.2 million (2018-19, £111.9 million), as the University looked to honour commitments as well as minimise costs where possible.

Staff costs decreased by £3.2 million (4.9%) to £61.4 million, which is attributable to a reduction (£2.8 million) in FRS102 pension costs, detailed in the Pensions section below. Across the University, staff numbers have remained consistent with 2018-19, with the number of staff redundancies in the year being 68 compared to 116 in the prior year. As a consequence of COVID-19, redundancy costs were higher than anticipated at £1.6 million.

Depreciation is £1.7 million higher (23.9%) at £8.8 million (2018-19, £7.1 million), following the completion of the Sports Building and the Maritime Simulator Suite. Investments and Cash Reserves

Overall investments and cash reserves have decreased by £2.6million, which is result of a deficit generated for 2019-20 compared to the surplus in 2018. Details of the Net cash inflow from operating activities are given under Cash flow below.

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

Cash flow

The Financial Highlights on page 5 show that the University generated a net cash inflow from operating activities of £8.4 million, £3.9 million less than the previous year. This represents 8.0% of net operating income. In common with many institutions in the sector the University has adopted a three-year rolling average of net operating cash flow as a percentage of income as its Finance KPI. The factors contributing to the level of net cash inflow include:

- a deficit of £3.3 million was achieved in 2019-20, compared to a surplus of £1.4 million in the previous year.
- a larger increase in debtors in 2019-20 compared to 2018-19. The University adapted its debt chasing strategy due to COVID-19 which resulted in higher underlying student tuition debt offset by lower accommodation debt.
- a smaller decrease in the movement in creditors compared to 2018-19 has an impact on net cash inflow. Although underlying creditors is higher than in 2018-19, there was a significant reduction in capital creditors as at 31 July 2020 due to a reduction in the University's capital programme and the impact of COVID-19 on construction work.

Long-Term Borrowing Facility

The University has a standard commercial loan with Allied Irish Bank, secured on individual halls of residence. The amount outstanding as at 31 July 2020 is £10.4 million and will be repaid by July 2026.

The University also has two loans with Lloyds Bank, secured against the Spark. As at 31 July 2020 the amounts outstanding were £19.3 million and £8.9 million, both repayable in 2023. The University also has a £10 million revolving credit facility with Lloyds which was undrawn during the year

The University has an additional £15 million revolving credit facility with Barclays Bank for a 5-year period with an option to extend. This facility was undrawn during the year.

Note 17 gives further detail of the year end debt position.

Post Balance Sheet Events

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

Updated Financial Plan

During the course of the year, consequent on work to produce a new strategic plan covering the period to the end of 2025-26, the University has prepared a new financial plan. This financial plan is one of the enabling plans of the University's strategic plan 2020-2025. It sits alongside the other plans and is inextricably woven through the strategy, ensuring the appropriate resources are provided to support the University's objectives and academic development and reflects the outcomes of anticipated improved financial performance.

The key strategic themes are to:

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

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

Future Outlook and going concern

Alongside other HE institutions, Solent University has experienced financial challenges and a decline in financial operating performance in 2019-20 due to COVID-19.

In addition to the pandemic, following the DataHE report in February 2020, the University recognised that it had been experiencing a decline in market share which needed to be addressed.

The University responded with the launch of the Solent Future Ready (SFR) project as detailed in page 4 of these financial statements. The strategic work on the SFR project will continue in the current and future years, aiming to ensure a financially sustainable business model for the next five years and beyond.

Solent University also created the Transformation Academy, allowing the University to adapt its teaching and learning provision whilst continuing to provide an excellent learning experience during the pandemic. As the challenges caused by COVID-19 evolve, this work will continue throughout 2020-21 enabling all course teams to transition to a virtual learning environment, creating an immersive and rich online learning experience for students.

The 2020-21 budget and medium-term financial plans recognise the need to ensure that the University's cost base is affordable. So, during 2020-21 the University is taking action to reduce costs so that as it delivers future income growth it should return to surplus in 2021-22 and in future years.

The unpredictable duration and impact of COVID-19 introduced an increased level of uncertainty into the University's forecasting. In order to mitigate short-term financial risks the University, supported by external consultants, has reviewed its financial plan and stress tested various scenarios. Under certain scenarios the University could have breached some of its bank covenants as at the end of July 2021. As a response to the potential impact on covenants of these scenarios agreement has been reached with all of the University's bankers to either reset or waive the potentially affected covenants for July 2021 to take into account potential downside scenarios in the forecast results, providing a level of additional headroom should it be required.

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

1. Stress tested its financial plans based on a range of student number levels for 2020-21 and material other variables impacting income and costs;
2. Subjected these financial scenarios to independent review by its financial advisers;
3. Secured covenant resets and waivers from its banks to provide additional headroom around potential downside scenarios after considering the nature and extent of the uncertainties identified; and,
4. Through a combination of a review of financial plans based on known and likely recruitment levels for 2020-21, covenant resets and waivers for 31 July 2021 and reviewing the continuing Solent Future Ready project work, the Executive and the Board of Governors considers that Solent University has adequate resources to justify preparing the financial statements on a going concern basis.

Treasury Management

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

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

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

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

Accounting Policies

The University's Financial Statements have been prepared in accordance with the Statement of Principal Accounting Policies set out on pages 30-34.

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

Pensions

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

The disclosure notes on pages 49 to 52 relate primarily to the HCCLGPS and unfunded obligations. The latest actuarial valuation of the fund took place as at 31 March 2019 and was updated by Aon Hewitt Limited, as actuaries appointed by Hampshire County Council, in order to assess the University's share of assets and liabilities of the scheme as at 31 July 2020.

Moving to the 31 March 2019 valuation meant adjustments to both assets (to reflect the allocation of assets to employers as part of the valuation process compared to the estimated assets used last year based on the 2016 valuation allocation) and liabilities (reflecting new membership data) which affected the balance sheet. The Service Cost was also updated for the valuation results affecting I&E figures significantly. After two years of using tailored assumptions, the University opted for Hampshire County Council's standard methodology on pension assumptions in 2019-20.

The University's share of the deficit in the HCCLGPS has increased by 78.5% to £111.0 million as at 31 July 2020 (2018-19: £62.2 million).

The liabilities are particularly sensitive to gilt yields, a 0.1% change increasing or decreasing liabilities by 2.1%. The discount rate used in 2019-20 is 1.4% compared to 2.2% in 2018-19, resulting in a significant increase in liabilities. Returns on assets have also been volatile over the year

Following developments in the Employment Tribunals of other public service schemes, and subsequently the consultation on the proposed remedy for the LGPS by MHCLG on 16 July 2020, AON varied the approach to calculating the McCloud cost as follows:

- Underpin would apply to all those in the Scheme on 1 April 2012.
- Underpin will apply on withdrawal.
- Underpin will apply to spouse's pensions.

The first change reduced the liability, however the other two changes increased the liability.

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).

During the year, following approval by the Charities Commission, the University's linked charities were closed, which is reflected in Note 20 Expendable Endowments Reserves.

Risk and Risk Management

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

As a largely teaching orientated institution these processes revolve mainly around the planning, marketing, budgeting and student support measures necessary to recruit and retain students, enhance the student experience and protect income streams. Conventional business recovery, financial management, and health and safety action plans are also in place. The effects of the fast-moving educational environment have been closely monitored, with faculties and services updating their risks register regularly as circumstances change, ensuring that emerging risks are identified, reported and mitigated.

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

Currently the top University risks reflect the uncertainty around financial stability following COVID-19 and its impact on student recruitment both home/EU and overseas students. Adapting to the economic environment remains key and the University has implemented several major projects to manage and monitor on going risks.

Creditor Payment Policy

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

STRATEGIC PLAN

Strategy 2025: Ready for the future

The mission, vision and values that drive Solent University Strategy 2025 define who we are, what we stand for and why we matter.

The education and opportunities we provide will change our students' lives and, through their future work and achievements, make the world a better place.

Our mission

To enable our learners to be work-ready, world ready and future ready.

Our vision

By 2025 we will be a University that:

- Transforms the lives of people from all backgrounds, through learning that is relevant to the real world.
- Provides an outstanding student experience through our exceptional staff and facilities.
- Excels at providing its learning community with the confidence, skills, knowledge and experience that they need to successfully pursue fulfilling lives and life changing careers.
- Delivers a unique curriculum shaped around inspiring industrial partnerships, ground-breaking professional insights, knowledge exchange and research.
- Makes a material impact on environmental sustainability.

Our values

We and our work continue to be shaped, informed and inspired by our values:

- Engagement and Inclusivity.
- Ownership and Teamwork.
- Respect and Integrity.

Our priorities

To deliver our strategy, achieve our vision and ensure Solent University and our students are ready for the future, we will be shaping our work around three key priorities:

- Student Success.
- Research and Knowledge Exchange.
- Engaging with our Communities.

Our foundations

As we build on Solent University successes and to seek further opportunities to grow and improve, we remain focused on creating an institution that will be sustainable for the life of this strategy and beyond.

To do this, we must maintain our financial resilience and ensure we are underpinned by a culture that will allow us to change, adapt and focus on the future.

We will also ensure our work is informed by the keystones of our offering: our partnerships, our environmental sustainability and our place in the world.

Solent University Strategy 2025 READY FOR THE FUTURE

Mission	To enable our learners to be work-ready, world ready and future ready.		
Vision	By 2025 we will enable students to succeed by being a University that: <ul style="list-style-type: none"> • Transforms the lives of people from all backgrounds, through learning that is relevant to the real world. • Provides an outstanding student experience through our exceptional staff and facilities. • Excels at providing its learning community with the confidence, skills, knowledge and experience that they need to successfully pursue fulfilling lives and life changing careers. • Delivers a unique curriculum shaped around inspiring industrial partnerships, ground-breaking professional insights, knowledge exchange and research. • Makes a material impact on environmental sustainability. 		
Our values	Engagement & Inclusivity	Ownership & Teamwork	Respect & Integrity
Strategic priorities	Student Success	Research and Knowledge Exchange	Engaging with our Communities
Strategic Foundations	Environmental Sustainability	Financial Sustainability	Partnerships / International
Strategic KPIs	Recruitment Recognition for teaching excellence Environmental sustainability Financial sustainability University reputation Research Anchor institution Beacon for student health and wellbeing Student success Commitment to diversity People experience		
Enabling strategies	Financial Learning & Teaching and Student Achievement People & Culture Digital Estates & Residencies Environmental Brand, Marketing and Recruitment Research and Knowledge Exchange Internationalisation Communities Impact (Civic, Alumni, Funding, Local Communities, Business Development) Academic Portfolio		

STATEMENT OF PUBLIC BENEFIT

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

The 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 new strategic plan, as set out in the University’s ‘Solent Future Ready 2020-2025’. It is this strategy which enables the University to fulfil its charitable objects.

EDUCATIONAL PURPOSE

Solent University is a vibrant and enterprising modern university which places the student success and a commitment to preparing graduates to be work-ready, world-ready and future-ready 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 pages 14 -15).

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 2019-20 academic year, the University enrolled students from the UK, EU and overseas on full and part time programmes at all levels from HND and Foundation Degree to PhD. The quality of the University’s teaching and the positive student experience is reflected in its continuing success in the National Student Survey (NSS).

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

SUPPORTING ECONOMIC GROWTH AND LOCAL COMMUNITIES

Our Mission also refers to communities’ impact - 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. We continue to be fully engaged with the sub-regional growth agenda, networked across the main business organisations and active members of Southampton Connect. We also participate assiduously with the Solent Local Enterprise Partnership. We are 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. Solent University also continued with its intern programme.

We have also supported local students with bursaries. As a city-based university, we pride ourselves on promoting and supporting fair access for all. It's what we believe is fair, and it generates a lively, diverse, and inclusive environment at Solent University. The community, and region that we serve is home to a diverse economy, with cutting edge industry and global connections. Despite Southampton's huge economic growth and success, inequality is felt across the city with some neighbourhoods falling within the most deprived nationally. Low educational attainment and subsequent low participation in higher education are amongst contributing factors, we have the power to change this. Thanks to donations from our alumni, staff and friends in 2019-20 we were able to award seventeen bursaries to students facing adversity from the local community who may not be able to finance their studies, helping to enrich their experience at university.

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. We continue to provide 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.

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. At the start of the 2019-20 academic year, Solent University made several commitments through its [Civic Charter](#) in support of the local community. These commitments were established following a series of discussions that enabled us to understand the key issues that were of importance to our staff, students, and local communities. Throughout the year we work together to achieve success, exchanging knowledge, sharing skills and contributing resources.

Solent University committed to provide open access to academic knowledge and expertise through our series of free public lectures, cultural events and civic engagement activity. We supported local community events in the SO14 postcode area including [Southampton Pride](#), Southampton Holocaust Memorial and the [ABP Southampton Marathon](#) virtually. Our ever-popular Insight Series enabled the local community to [access academic knowledge and expertise](#) with 15 per cent of event attendees on campus coming from the SO14 postcode region.

The University supports employers and industry to develop learning and development opportunities that reflect current and future employment trends. We supported the training and development of over 500 apprentices in the last year, celebrated success at our [inaugural apprenticeship awards](#), and adapted our [apprenticeship](#) delivery model to a blended learning approach in response to COVID-19.

We work with schools, colleges and partner institutions to collectively raise career aspiration and attainment. As such, we supported over 3,000 young people across Southampton to raise career aspirations and attainment. A variety of activities took place on campus and in the community, including a nutritional and physical activities day. 39 young carers from across Hampshire and the Isle of Wight took part in a series of activities to help boost their confidence, raise aspirations and support their personal development. The partnership with The Children's Society saw participants learn more about the importance of living a healthy, active lifestyle while increasing awareness of the options available in accessing University.

Solent University provides students with real-world experience, including placement opportunities and live briefs that support local charities and community organisations. Over 100 different public, private and voluntary sector organisations worked with our student body to offer real world, practical experience while providing organisations with creative insight and expertise. From local charities like [Age UK Southampton](#) to businesses including [B&Q](#), our students worked with a variety of organisations to tackle business and social challenges.

The University committed to nurture and empower communities to live healthy and active lifestyles. In the last academic year, over 500 people took part in our community orientated health and nutrition

programmes. From cook-and-eat sessions with young carers to exercise referral clinics for those with long term medical conditions, our tailored activities help reach those most in need. Our new Sports Complex hosted a number of matches for our wheelchair rugby and basketball teams with our Team Solent Kestrels winning seven awards in the [Basketball England South Region National Volunteer Awards](#).

We work with partners to create a cleaner, green, healthier and more sustainable city in line with the principles set out in the Green City Charter for Southampton. As a signatory of the Green City Charter for Southampton, we were working with partners to reduce our environmental impact. Our monthly bike doctor sessions supported staff and students to use environmentally friendly transport.

Solent University supports students and staff to volunteer, making a difference to projects and organisations who share our vision of a culturally enriched, active and knowledge orientated community. Our employee volunteering policy was launched, and we saw staff, students and alumni support a number of causes, key civic events and the University during the year including Southampton Pride.

The University enables people to benefit from life-long learning through participation in higher education, regardless of their background, while being a fair, diverse and cohesive university that challenges and tackles social inequality. We are home to a diverse student body with 33 per cent of students aged 21 years and over and 10 per cent from Asian and black communities. The University established a BAME staff network that will explore and feed into Solent University equality, diversity and inclusion agenda. Our Women Achievers Network celebrated its first year of inspiring women across Solent University to fulfil their potential and develop their leadership skills. We also registered our commitment to the principles of the Race Equality Charter and celebrated diversity and inclusion at the [annual Unity 101 Awards](#).

Finally, we committed to mobilise our pool of creative talent and resources to work with institutions and residents in driving Southampton's bid for UK City of Culture in 2025. We established an internal working group to lead on the University's support for Southampton's drive for the 2025 UK City of Culture title. The group leads on a strategic approach aligned to the University and city priorities and is driven by two action groups. We are also hosting the City of Culture Bid Director on campus, enabling them to immerse themselves among our creative community.

WIDENING PARTICIPATION

During 2019-20 the University continued to deliver on its Widening Participation (WP) targets and remains committed to promoting social mobility in line with our Access and Participation Plan (APP).

Previously in 2018-19 the University recruited high proportions of entrants from WP backgrounds when compared to the 109 universities in England. The University ranked 26th for the proportion of entrants from low participation neighbourhoods and 45th for the proportion of entrants from state schools.

To ensure continued success we have delivered a wide range of activities within schools, colleges and the local communities, targeting and promoting Higher Education to the most disadvantaged and underrepresented groups (including those from IMD quintile 1-2 areas, Polar4 quintile 1-2 areas and BAME backgrounds).

COVID-19 has created significant challenges, despite this the WP team have facilitated 7,318 student engagements with learners in years 5-13 including:

- Primary School Interventions - through activities including My Solent Story, 470 students engaged across year 5-6 learners. December 2019 saw over 400 primary school teachers from the Southampton Cooperative Learning Trust engaging in a CPD day delivered by academics on campus.
- Looked After Children Campus Visits/CPD - working with Southampton and Hampshire Virtual Schools we hosted a series of on-campus events for 23 Looked After Children in Years 6, 10 and 12. We have delivered CPD sessions for personal advisers, designated teachers and foster carers.
- Young Carer Campus Visit - working with The Children's society, we have hosted a campus visit for 39 Young Carers focusing on progression to higher education and health/nutrition.
- BAME Group Campus Visit - working with the Southampton Somalian community we have hosted a campus visit for 32 young people focusing on post-16 options.
- Secondary School Interventions - through activities including Create Your Own University 5,854 student engagements have taken place with learners from Southampton and Havant based schools.
- Secondary School Resources (Online) - in response to COVID-19 we redesigned our activities to enable partner schools to continue to provide their learners with engaging activities. These resources were made available further afield including to Hampshire, Portsmouth, Dorset and South London schools.
- Post-16 Transition Events (Online) - targeted at WP students, we have delivered seven transition to university events with 401 student engagements.
-

Our activities have been supported by our team of 173 student ambassadors. Many of these are also from WP backgrounds, acting as positive role models to the learners we work with.

Our UK Student Recruitment team have also supported targeting of WP learners through a variety of interventions with colleges/sixth forms including, parent/carer talks, event attendance, talks/taster sessions (including within South London where high proportions of WP learners reside) and CPD for schools/colleges delivering WP messages.

Elsewhere across the University our academics we have engaged with the Southampton Education Forum (coordinated by the WP Team), continued our School Sports Partnership (4,749 interactions) and have made our Showcase Gallery accessible to the community (3,571 interactions). Our collaborative work with the local Uni Connect Programme (SUN) has continued including a Creative and Digital Industries Festival at Solent University where 120 learners worked with leading creative employers and the Flying Start/Windmills Programme which supported over 3000 year 11 students transitioning to college. Activity surrounding SUN collaborative targets set in the APP includes CPD focusing on supporting BAME students and those from Traveller/Gypsy backgrounds.

As a result of our collective work across the University early signs (June 2019 UCAS data) suggests that proportions of entrance from IMD quintile 1-2 areas, Polar4 quintile 1-2 areas and Asian students will increase from previous years in the next enrolment cycle.

EQUALITY SCHEME & EQUAL PAY

Solent University continued in its commitment to be a fair, diverse and cohesive University that challenges and tackles social inequality. A key focus was therefore the Race Equality Charter Mark with a working group being led by Professor Peter Lloyd and Dr Diane Bray with a team of volunteers from across the university. This aims to improve the representation, progression and success of minority ethnic staff and students within higher education. The Student Achievement team and People and Development provide data and analyses to support this.

There has been a great deal of work underway to support the Race Equality Charter Mark including the introduction of a BAME staff network in October 2019 and an ongoing review of the recommendations from the Equality and Human Rights Commission survey on racial harassment. In October 2019, Solent University celebrated Black History Month, working with organisations from across the city to raise awareness of stories and achievements from black history, arts and culture.

Solent Futures continues to work with courses with clusters of students from a BAME background as evidence shows that they are less likely to secure a graduate level role when they graduate. This included tailored workshops, the promotion of graduate schemes that target students with a BAME background and use of the university's career readiness programme - Future Me. Solent Futures also helped to organise a dinner with Alumni from a BAME background, this was extremely successful and attendees have since become mentors or given guest lectures.

In October 2019, Solent University hosted its second Human Library event. This was part of our commitment under the Office for Students' (OfS) catalyst programme to tackle religious-based hate crime on campus. Amongst our 15 human books, we had: people living with bipolar disorder; someone who had survived a suicide attempt; a gay parent and a Sunni and a Shia Muslim. We welcomed 35 readers from across the university and the local community. The Student Hub is now registered as a third-party hate crime reporting centre and the university is represented on the local Hate Crime Network.

In February 2020, we marked LGBT History month with a panel discussion entitled Our Glittering Pasts. This featured five people from the LGBTQ community talking about the changes LGBTQ people have lived through over the past 50 years. Around 40 people attended the session from across the university and the local community.

Due to COVID-19 restrictions, Solent Pride was not able to go ahead as a physical event. However, the university continues to be a key partner and hosted the broadcast of Digital Southampton Pride from our studios in the John Millais Building - <https://youtu.be/meM-0e7qzz8>.

The Gender Pay Gap continued to remain a focus and reduced from 12.3% median pay gap in 2019 to 11.1% (as per latest available data snapshot from 31 March 2019). Going forwards there will be a focus on women in grade 6 and 7 and this will be supported by anonymous recruitment being introduced and unconscious bias training for managers. The Women Achievers Network continued to support this work and seen the successful launch of The Solent Mentoring Scheme with 40 members of staff being trained. Support for female leaders also continues via Aurora with 13 staff taking part in 2019-20.

To support students, Solent Futures, the university's careers service piloted a professional mentoring programme for 2nd year students who identify as female. The scheme was launched again in January 2020 and has been running remotely during lockdown. Students have not only benefitted from a 1-1 mentor,

but they also had the opportunity to attend training sessions and networking events, including a session in conjunction with Aurora, Carnival UK's female mentoring programme.

Solent Futures also introduced an 'Inclusion Checklist' for all career's events. This followed on from the successful launch of a 'quiet' hour at the Careers Fair in October 2019 when disabled students were given the opportunity to visit the fair an hour early.

Access Solent streamlined their service to enable them to share appropriate information and advice with course teams so they can better support students. A particular focus in 2019-20 was support for students with ASD, a student-led group 'Simply Social' was set up to help students navigate university life and to support each other and a Sensory Room was developed to provide a quiet and relaxing space to help students manage their days on campus.

Access Solent also developed 'Access Plus' for 2019-20, a programme of support for students with complex and/or multiple disabilities to a holistic approach to adjustments and support across accommodation, student experience and academic life, as well as introducing 'Transition Days' to support student applicants with specific learning difficulties, disabilities and long term health conditions transition smoothly into higher education life and study and to organise and prepare support in advance of enrolment.

The Access and Participation Plan Working Group worked hard on preparing to implement the new Access & Participation Plan which starts in 2020. Particular focus is on evaluation as the OfS are keen to ensure that initiatives have proven impact. The BAME attainment gap has decreased each year since 2014/15 and in the latest figures for 2018/19, decreased by 2.3% to 15.3%. However, there is concern about the retention gap which increased to 7.8% compared to 2% in the previous year.

The University continued to progress its joint Mental Health Vision 2018-2025 for staff and students. The university is very aware of the potential health, financial and digital inequalities and during lockdown all student support services remained available. During this time, the Access team contacted students with underlying health conditions to check on their welfare and to discuss plans for the next academic year. The Student Hub contacted vulnerable students including care leavers and estranged students and the Therapy and Mental Health team contacted students who were isolated in halls.

Staff were provided with regular information on health and wellbeing specific to lockdown with a focus on mental health and a SOL page set up to centralise these resources. This was supported by the new Employee Assistance Programme which was launched in January 2020. This line is available 24/7 and has been accessed by c12% of staff. Mental health awareness campaigns around national days such as world mental health day continued during the academic year.

A number of academic research projects, supported by the University are tackling issues of inequality at a national and international level for example Dr Helen Devereux working on sociology of work and work life balance and Dr Rory McGrath working on experiences of LGBT football fans, non-exclusive sexualities and masculinities in cricket.

TRADE UNION FACILITY TIME REPORT (TAX YEAR ENDED 31 MARCH 2020)

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

In line with the Trade Union (Facility Time Publication Requirements) Regulations 2017, Solent published the required data on 06 October 2020. Below is the summary of the information:

	No.	FTE's
Employees who were relevant union officials	18.0	17.6
Percentage of working hours spent on facility time:		
0% of working hours	0	0
1 to 50% of working hours	18	17.6
51 - 99% of working hours	0	0
100% of working hours	0	0
Total pay bill for the tax year 2019-20	£58,498,842	

Total cost of facility time	£26,501
Percentage of pay spent on facility time	0.05%
Hours spent on paid facility time	987
Hours spent on paid trade union activities	54.29
Percentage of total paid facility time hours spent on paid TU activities	5.50%

ENVIRONMENTAL SUSTAINABILITY

The University is committed to reducing the environmental impact of its activities and embedding environmental sustainability throughout its operations. To ensure progress is maintained, the University's Environmental Policy includes a commitment to continual improvement in environmental performance through the implementation of a certified Environmental Management System (EMS) at all sites. The University was awarded ISO14001:2015 certification and EcoCampus Platinum standard in March 2019 with both certifications being retained following an external audit in April 2020.

Environmental sustainability is a central pillar of the University's Strategic Plan 2020-2025 and is detailed in the Environmental and Sustainability Enabling Plan. This plan has received full support from VCG.

The Enabling Plan closely aligns with the University's Environmental and Sustainability Strategy and brings together planned actions, targets and timescales for delivering activity under five themes:

- Managing environmental impacts through a certified Environmental Management System.
- Minimising greenhouse gas emissions, water and waste.
- Engaging students, staff and the wider community.
- Embedding sustainable procurement, sustainable construction and biodiversity.
- Embedding Education for Sustainable Development and the U.N. Sustainable Development Goals into the curriculum.

Staff and students play an important role in environmental initiatives. Students participated in the popular Student Switch Off and Solent Sorts It campaigns during the 2019-20 academic year, with halls of residences competing for prizes for achieving energy and waste reductions. Actions undertaken through Student Switch Off in 2019-20 resulted in an 8% reduction in energy use in residences compared to 2015/16, saving 20 tonnes of CO₂ and £6,500.

Two new staff and student groups were formed in 2019 - Sowlent Staff Gardening Club and Sowlent Student Food Garden Society. Activity is centred on the 'Food Garden' allotment space adjacent to Solent Sports Complex and the Staff Gardening Club is also supporting Estates and Facilities on campus greening projects, including new wildflower planting in The Quad in 2019 and 2020.

The University is committed to maintaining and enhancing biodiversity across its estate. A Biodiversity Action Plan is in place for East Park Terrace and Warsash campuses and a conservation management plan is in operation at Timsbury Lake. Winter work at Timsbury in 2019-20 included scrub clearance around the pond complex to improve Great Crested Newt habitat. At East Park Terrace, areas of the wildflower meadow were left uncut to create shelter for overwintering invertebrates and food for seed-eating birds. New visually engaging signage has been created to provide more information about the meadow areas.

The University retained Fairtrade University status in 2019-20. Fairtrade Fortnight was held at the end of February 2020 and included information stands across campus, raffles of Fairtrade hampers, and Fairtrade food giveaways and a Fairtrade pancake day, hosted by the University's caterer.

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 2005/06 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. The University purchases 100% renewable electricity. Energy procurement is undertaken through a risk and cost-managed flexible framework, which includes competitive rates for zero-carbon electricity from renewable sources.

Developments at East Park Terrace provide further opportunities to achieve lower carbon emissions, by incorporating best sustainable practices in design and construction. The Building Research Establishment Environmental Assessment Method (BREEAM) is used to inform the design of new buildings and the new Solent Sports Complex is expected to achieve BREEAM Very Good status in 2020. It has also been connected to the City's District Heating Scheme to reduce both heating costs and carbon emissions.

In April 2020, the University signed the People & Planet Fossil Free Declaration, having fully divested from funds linked to fossil fuels. The declaration confirms that the University holds no investments in extractor fossil fuel companies and will never invest in these companies.

The University is keen to support students and staff to travel sustainably to campus and offers a number of active travel initiatives. The Bike Doctor service was reinstated at East Park Terrace in 2019-20, providing free monthly checks and minor repairs of staff and student bicycles. The initiative has proved very popular with 140 bicycles serviced over six sessions. The University won the 2019 Southampton Cycle September competition in its organisation size category for staff riding the most miles (7,483 miles logged in September) and encouraging other colleagues to start cycling too. The University continues to explore opportunities to improve cycling facilities and to roll out additional initiatives, in light of Government guidelines, the investment in cycling infrastructure in the city and our own sustainability commitments.

ESTATES

As a result of the COVID-19 pandemic much of the estates development work planned for the summer has been rescheduled for later in the year or will be reviewed as part of the Solent Future Ready work to support the new University Strategy.

Major Projects

Prior to March, significant estate development work included the following plans and feasibility work

- relocation of the School and Art of Design from leased premises at Below Bar to the Sir James Matthews Building (SJM).
- development of a Safety Training Centre (STC) at the Warsash Campus.
- refurbishment works at Hamwick and Deanery halls of residence.

Benefits of the relocation of the School of Art and Design include a reduction in estates costs, through the saving on the lease and service charges, and improved utilisation of the estate. The relocation was strongly supported by the School of Art, Design and Fashion as it brought students closer to the main city campus buildings.

The STC at Warsash represents the final phase of the Maritime Relocation project, and covers the redevelopment of the practical training facilities on the 'lower' retained site at Warsash including the creation of a Safety Training Building incorporating a Helicopter Underwater Escape Trainer, new classrooms and staff accommodation; replacement of the existing Fire School; and upgrading of external firefighting training facilities. The work to separate the retained from the surplus site has now been completed and the retained site is now independently serviced with its own infrastructure and dedicated car parking provision.

Given the wide-ranging impact of COVID-19, and the significant impact on the estate over the short-term and long-term, all of these schemes have now been paused and each will be reviewed over the coming months with the current Below Bar lease being extended for up to 2 years to accommodate this review.

Warsash Land sale

Progress continues with regards to the sale of surplus land at Warsash. Exchange of contracts was anticipated to have taken place in 2019 but following slow progress from the original purchaser the University entered into negotiations with a second purchaser earlier in the year. The due diligence work is progressing well, and exchange is expected in the new year, with completion following the purchaser obtaining detailed planning consent for the site in 2022/23.

Estate Refurbishment

As part of the University's ongoing commitment to ensure the estate is fit for purpose, a number of smaller projects have been completed or are in progress over the summer period. These projects are an essential part of ensuring the estate remains safe and provides a 'fresh' and welcoming environment to students, staff, and visitors. Examples of the current projects include:

- Refurbishment of lifts in Mountbatten Library.
- Provision of an accessible kitchen to support the Nutrition laboratory in Reginald Mitchell building to ensure compliance with the Equality Act.
- Pontoon refurbishment at the Warsash campus.

Relocation of the Moot Court from the Sir James Matthews Building (SJM) to the Spark. This is part of a larger scheme to give the new Schools of Business and Law particular prominence in the Spark building. Estates and Facilities staff are working with External relations to provide additional signage and branding to give enhanced visibility to these new schools. Staff from the former School of Business, Law and Communications are being relocated from SJM to East Park Terrace.

COVID-19 Safe Campus

The most significant piece of work this year has been the work to make both the campus and halls of residence safe for the return of staff and students following the closure of the academic estate at the end of March.

The work to support this has included the assessment of nearly 800 areas (classrooms and offices) for a reduced COVID-19 safe capacity and working with colleagues across the University to draw up plans for the return to campus including the provision of new student teaching timetables.

Changes to the campus include one-way systems on stairways and corridors, lift capacity assessment, installation of hygiene stations and signage to support the new environments and the return of staff and students to campus from July 2020 onwards.

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 progress work through Solent Future Ready workstreams to assure its financial and environmental sustainability. The new strategy will provide an excellent platform for the future and although substantial uncertainties exist there are many opportunities as well as challenges ahead. With a relentless focus on our financial sustainability through the delivery of our Solent Future Ready project we are confident we can prepare our students and our University for what lies ahead.



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



Professor Karen Stanton
Vice-Chancellor

CORPORATE GOVERNANCE STATEMENT

LIST OF GOVERNORS 2019-20

Governor	Type	% attendance at Board Meetings
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Professor Graham Baldwin	Vice-Chancellor & Governor (until 30 September 2019)	0%
Stephen Bolton	Independent Governor & Vice Chair	100%
Dr Janet Bonar	Staff Governor	100%
Phil Cotton	Independent Governor & Chair	100%
Grace Davis	Student Governor	100%
Mark Dixon	Staff Governor	75%
Nigel Duncan OBE	Co-opted Governor	100%
Professor Ruth Farwell CBE DL	Independent Governor	75%
Jennifer Glastonbury	Independent Governor	75%
Donald Iro	Independent Governor	100%
Councillor Satvir Kaur	Co-opted Governor	75%
Susan Macpherson	Independent Governor	75%
James Rimmer	Independent Governor	100%
Lena Samuels	Independent Governor	75%
John Simpson	Independent Governor	100%
Professor Karen Stanton	Vice-Chancellor & Governor (from 1 February 2020)	100%
Captain Emma Tiller	Independent Governor (Until 31 July 2020)	50%
Philip Wake OBE RD	Independent Governor	100%
Bridget Woolven	Clerk to the Governors	100%

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 complies with the Committee of University Chairs (CUC) HE Code of Governance (2014) and has adopted the Statement of Primary Responsibilities as set out by the CUC in Appendix 1 of the Code, namely:

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.

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.

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.

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.

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

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.

To safeguard the good name and values of the institution.

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

To appoint a secretary/clerk 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.

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

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.

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.

To receive assurance that adequate provision has been made for the general welfare of students.

To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.

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

The Board of Governors adopted and published an Equality & Diversity policy in respect of its own membership in April 2015. During 2019-20 the Board comprised a 52/48 ratio in female/male Governors, with 17% of members of non-white British ethnicity. Before joining the Board, all members provide a fit and proper person declaration in accordance with public interest governance principles.

In accordance with the Articles of Government, the University has appointed a Clerk to the Board. The Clerk provides independent advice on matters of governance to all Board members.

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

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

Although the Board of Governors typically meets at least four times each academic year, much of its detailed work is initially handled by its committees: Resources; Audit; Governance; and Remuneration. The decisions of these committees are formally reported to the Board. All of these committees are formally constituted with terms of reference and comprise mainly independent and co-opted members of the Board. Audit Committee and Remuneration Committee membership also each has an external co-opted member with expertise specific to those Committees. An evaluation of the business conducted by the Board and each of its committees concluded that each Committee's terms of reference had been

covered during the year. Full, confidential, minutes of all of the Committees of the Board, and the Board itself, are published to Board members and redacted minutes are published on the University's website.

RESOURCES COMMITTEE

The Resources Committee considers and keeps under review such strategic aspects of 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; the review 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.

AUDIT COMMITTEE

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

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

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 2019-20 is given below:

Name	Occupation	Qualification
Donald Iro	Managing Director, Allteks Ltd	BEng (Hons) Electronic Engineering
Harry Mears	Head of Social Housing, KPMG	MA, ACA
Lena Samuels	Communications Adviser, Director, WMG Managing Director, NHS	Masters English Lit, Diploma in Public Affairs (CIPR)
James Rimmer	Southampton City Clinical Commissioning Group	MBA,FCMA
John Simpson	Chief Executive Rockscool Limited, Director, Federation of Awarding Bodies	BA General Arts
Captain 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 in June 2020 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. The Committee is chaired by an Independent Governor, who is neither Chair nor Vice Chair of the Board, and membership includes a co-opted external member with a background in remuneration policy and strategy.

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

GOVERNANCE ARRANGEMENTS SINCE MARCH 2020

With the advent of COVID-19 in March and the subsequent lockdown, the above Committees did not meet during the Spring cycle from March to April. However, ahead of the Board meeting on 22 April, there were two virtual meetings of the Committee Chairs together with the Vice-Chancellor's Group and information from those meetings were minuted and circulated to the full Board of Governors. From March to the end of the academic year, all meeting with Governors have taken place virtually.

Following Board approval in April, the Solent Future Ready (SFR) Task Group was formed comprising six Governors (including the Chair and Vice Chair of the Board) and six members of the Vice-Chancellor's Group. The role of the Solent Future Ready Task Group was to act as a sounding board and to keep all Governors informed regarding the project to ensure the success of Solent University post COVID-19, and its future financial sustainability with a final proposal to be delivered to the Board of Governors on 22 July 2020. The SFR also received reports on OfS' changes to conditions of registration and reportable events.

The SFR Task Group met three times between May and 22 July and minutes were circulated to all Board members. At each meeting the SFR Task Group considered detailed reports relating to the academic portfolio, finance, resources, estates and student recruitment as well briefings on OfS changes to the regulatory framework.

On 22 July 2020, the Board of Governors approved a new strategic plan and direction of travel for Solent University for the next five years to 2025.

STUDENT BOARD

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

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

ACADEMIC BOARD

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

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

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

Professor Graham Baldwin left the University on 30 September 2019 to become Vice-Chancellor at UCLAN. Professor Karen Stanton, Vice-Chancellor of York St John University, was appointed as Vice-Chancellor at Solent University by the Board of Governors in October 2019 and joined the University on 1 February 2020. Professor Julie Hall, Deputy Vice-Chancellor, was appointed Interim Vice-Chancellor for the intervening period.

Approved by the Board of Governors on 22 December 2020

And signed on its behalf by:



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



Professor Karen Stanton, Vice-Chancellor

RESPONSIBILITIES OF THE BOARD OF GOVERNORS

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

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

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

FINANCIAL STATEMENTS

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

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements.

Financial Statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Board of Governors is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the Financial Statements.

INTERNAL CONTROLS

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

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

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

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

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

- In its Internal Audit Report and Opinion of 2019-20, PwC states that Solent University governance, risk management and control, and value for money arrangements in relation to business-critical areas is generally satisfactory’.

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

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

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

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

COMPLIANCE WITH OFFICE FOR STUDENTS (OfS) CONDITIONS OF REGISTRATION

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

A cross-functional OfS Monitoring Group has been established to monitor Solent University compliance with the ongoing conditions of OfS registration. Reports, and updates to, the OfS’ regulatory framework are presented to the Board of Governors and, during the lockdown period, to the meetings of the Committee Chairs and SFR Task Group. Relevant papers are marked with the appropriate OfS condition reference. Reportable events are logged and reported to Audit Committee and to the full Board of Governors.

On 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 University demonstrated ‘due regard to the Prevent duty’ and was ‘not at higher risk of non-compliance with Prevent’.

REVIEW OF EFFECTIVENESS OF GOVERNANCE ARRANGEMENTS

The CUC’s Higher Education Code of Governance 2014, which Solent University has adopted, states that: ‘governing bodies must conduct a regular, full and robust review of their effectiveness and that of their

committees, reviews must be conducted at least every four years with an annual summary of progress towards achieving any outstanding actions arising from the last effectiveness reviews.’

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

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

The next review will be carried out in 2024.

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 22 December 2020

and signed on its behalf by:



Phil Cotton

Pro-Chancellor and Chairman of the Board of Governors

INDEPENDENT AUDITOR'S 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 2020 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 2020 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the group's and the University's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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 UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

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

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

Responsibilities of the board

As explained more fully in the board members responsibilities statement set out on page 25 to 27, 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.

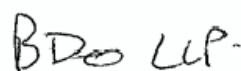
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Terms and Conditions of Funding with the OfS and Research England.

Use of our report

This report is made solely to the University board, as a body, in accordance with Section 75 of the Higher Education and Research Act 2017. 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.



David I'Anson (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Southampton

United Kingdom

23 December 2020

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 2019 and in accordance with Financial Reporting Standards FRS 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

Going Concern

Alongside other HE institutions, Solent University has experienced financial challenges and a decline in financial operating performance in 2019-20 due to COVID-19.

The unpredictable duration and impact of COVID-19 introduced an increased level of uncertainty into the University's forecasting arising from a fall in international students, both undergraduate and postgraduate, as well as a rise in the number of undergraduates deferring. Further uncertainties arise from the risks associated with cost savings and the unpredictable duration and impact of the pandemic, which may affect the competitive environment and the University's recruitment activities.

In order to mitigate short-term financial risks the University, supported by external consultants, has reviewed its financial plan for the period up to and including the 2021-22 academic year and stress tested various scenarios. Although the Executive and Board of Governors are of the firm belief that the financial forecast approved in October 2020 can be delivered and the University could have been able to operate within its existing facilities, under certain downside scenarios the University could have breached some of its annual bank covenants at the end of July 2021.

As a response to the potential impact on covenants of these scenarios, agreement has been reached with all the University's bankers to either reset or waive the potentially affected covenants when next measured at 31 July 2021 to take into account potential downside scenarios in the forecast results, providing a level of additional headroom should it be required.

Through a combination of a review of financial plans based on known and likely recruitment levels for 2020-21, covenant resets and waivers for 31 July 2021 and reviewing the continuing Solent Future Ready project work, the Executive and the Board of Governors considers that Solent University has adequate resources to justify preparing the financial statements on a going concern basis.

Basis of Consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2020.

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

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

Income Recognition

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

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

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

Grant and Donations, including Capital and Research

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

Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Research and Development

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

Building Maintenance

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

Fixed Assets

i. Inherited Assets - land and buildings

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

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

ii. Assets acquired after incorporation

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

iii. Assets under construction

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

Depreciation

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

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

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

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

Financial Instruments

i. Financial assets

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

ii. Financial liabilities and equity

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

Hedge accounting

The University utilises variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each reporting date by the issuing bank. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and included within I&E unrestricted reserves. Any ineffective portion of those movements are recognised in the statement of comprehensive Income and Expenditure for the period.

Taxation

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

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

Provisions

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

Leased Assets

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the University and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the Balance Sheet.

The interest elements of the rental obligations are charged in the Income and Expenditure Account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

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

Pensions

The University has 2 principal pension schemes for staff, the Teachers' Pension Scheme (TPS) and the Hampshire County Council Local Government Pension Scheme (HCCLGPS). The schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension.

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

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

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

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

Employment benefits

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

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

Reserves

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

Cash Flows and Cash Equivalents

Cash flows comprise increases or decreases in cash.

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

Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Foreign Currencies

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

Prior year adjustment

Invoices raised in advance for accommodation relating to the next academic year have previously been recognised within Trade receivables alongside a corresponding liability in Accruals and deferred income. The Governors consider that it is inappropriate to record this asset until acceptance of the offer of accommodation becomes unconditional and the balance is subject to usual payment terms. Accordingly, both Trade receivables and Accruals and deferred income have been reduced by £7,399k in the previous year. This adjustment has also been reflected in the movement of debtors and creditors in the prior year cash flow statement. This adjustment has had no impact on the reported result for the comparative period.

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 12)

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 13)

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 14)

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 16)

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 2020

	Notes	Consolidated		University	
		2020	2019	2020	2019
		£'000	£'000	£'000	£'000
INCOME					
Tuition fees and education contracts	1	87,030	85,564	85,772	84,236
Funding body grants	2	6,657	7,216	6,657	7,216
Research grants and contracts	3	95	250	95	250
Other income	5	11,805	19,634	12,443	20,154
Investment income	6	161	137	160	136
Donations and endowments	7	60	402	60	402
Total income		105,808	113,203	105,187	112,394
EXPENDITURE					
Staff costs	8	61,406	64,596	58,567	63,228
Other operating expenses		37,084	37,362	39,144	38,409
Depreciation	12	8,789	7,094	8,605	6,909
Interest and other finance costs	9	2,966	2,860	2,962	2,860
Total expenditure	10	110,245	111,912	109,278	111,406
(Loss)/Surplus before other gains		(4,437)	1,291	(4,091)	988
Gain/(Loss) on disposal of fixed assets		1,150	(9)	1,150	(9)
(Loss)/Gain on investments		(19)	126	(19)	126
(Loss)/Surplus before tax		(3,306)	1,408	(2,960)	1,105
Taxation	11	-	-	-	-
(Loss)/Surplus for the year		(3,306)	1,408	(2,960)	1,105
Other comprehensive expenditure					
Actuarial loss in respect of pension schemes	19	(45,121)	(22,600)	(45,121)	(22,600)
Fair value loss in respect of cash flow hedge		(1,608)	(1,898)	(1,608)	(1,898)
Total comprehensive expenditure for the year		(50,035)	(23,090)	(49,689)	(23,393)
Represented by:					
Endowment comprehensive income for the year		38	125	38	125
Restricted comprehensive income for the year		50	19	50	19
Unrestricted comprehensive income for the year		(50,123)	(23,234)	(49,777)	(23,537)
Loss attributable to the University		(50,035)	(23,090)	(49,689)	(23,393)
Attributable to the non-controlling interest		4	(4)	-	-
		(50,031)	(23,094)	(49,689)	(23,393)

Statement of Changes in Reserves year ended 31 July 2020

Consolidated	Endowment	Restricted	Unrestricted	Total		Total
				excluding NCI	NCI	
	£'000	£'000	£'000	£'000	£'000	£'000
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 expenditure	-	-	(24,498)	(24,498)	-	(24,498)
Transfer of funds	(25)	(431)	456	-	-	-
Total comprehensive Income/(expenditure)	100	(412)	(22,778)	(23,090)	(4)	(23,094)
Balance at 1 August 2019	1,097	19	81,821	82,937	(4)	82,933
Surplus/(deficit) from the I & E statement	38	50	(3,394)	(3,306)	4	(3,302)
Other comprehensive expenditure	-	-	(46,729)	(46,729)	-	(46,729)
Transfer of funds	(1,135)	1,108	27	-	-	-
Total comprehensive Income/(expenditure)	(1,097)	1,158	(50,096)	(50,035)	4	(50,031)
Balance at 31 July 2020	-	1,177	31,725	32,902	-	32,902

University	Endowment	Restricted	Unrestricted	Total		Total
				excluding NCI	NCI	
	£'000	£'000	£'000	£'000	£'000	£'000
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 expenditure	-	-	(24,498)	(24,498)	-	(24,498)
Transfer of funds	(25)	(431)	456	-	-	-
Total comprehensive Income/(expenditure)	100	(412)	(23,081)	(23,393)	-	(23,393)
Balance at 1 August 2019	1,097	19	81,463	82,579	-	82,579
Surplus/(deficit) from the I & E statement	38	50	(3,048)	(2,960)	-	(2,960)
Other comprehensive expenditure	-	-	(46,729)	(46,729)	-	(46,729)
Transfer of funds	(1,135)	1,108	27	-	-	-
Total comprehensive Income/(expenditure)	(1,097)	1,158	(49,750)	(49,689)	-	(49,689)
Balance at 31 July 2020	-	1,177	31,713	32,890	-	32,890

Balance Sheet as at 31 July

	Notes	Consolidated		University	
		2019		2019	
		2020	Restated	2020	Restated
		£'000	£'000	£'000	£'000
Non-current assets					
Fixed assets	12	180,732	179,589	177,732	176,438
Investments	13	55	62	3,106	2,713
		<u>180,787</u>	<u>179,651</u>	<u>180,838</u>	<u>179,151</u>
Current assets					
Trade and other receivables	14	9,931	6,749	10,779	7,627
Current investments	15	1,114	1,097	1,114	1,097
Cash and cash equivalents		17,219	19,872	16,052	18,879
		<u>28,264</u>	<u>27,718</u>	<u>27,945</u>	<u>27,603</u>
Less creditors falling due within one year	16	(22,553)	(18,404)	(22,297)	(18,143)
Net current assets		5,711	9,314	5,648	9,460
Total assets less current liabilities		186,498	188,965	186,486	188,611
Creditors: due after more than one year	17	(39,096)	(40,732)	(39,096)	(40,732)
Provisions					
Pension provisions	19	(111,315)	(62,973)	(111,315)	(62,973)
Other provisions	19	(3,185)	(2,327)	(3,185)	(2,327)
TOTAL NET ASSETS		<u>32,902</u>	<u>82,933</u>	<u>32,890</u>	<u>82,579</u>
Restricted Reserves					
I & E reserve - endowment reserve	20	-	1,097	-	1,097
I & E reserve - restricted reserve	21	1,177	19	1,177	19
Unrestricted Reserves					
I & E reserve - unrestricted		31,725	81,821	31,713	81,463
		<u>32,902</u>	<u>82,937</u>	<u>32,890</u>	<u>82,579</u>
Non-controlling interest		-	(4)	-	-
TOTAL RESERVES		<u>32,902</u>	<u>82,933</u>	<u>32,890</u>	<u>82,579</u>

These Financial Statements were approved and authorised for issue by the Board of Governors on 22 December 2020.



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



Professor Karen Stanton
Vice-Chancellor

The Notes on pages 39 to 57 form part of these Financial Statements

Cash Flow Statement

Year ended 31 July

		2019	
	Notes	2020	Restated
		£'000	£'000
Cash flow from operating activities			
(Deficit)/Surplus for the year before tax		(3,306)	1,408
Adjustment for non-cash items			
Depreciation	12	8,789	7,094
Loss/(Gain) on investments	20	19	(126)
Increase in debtors	14	(3,182)	(2,224)
Decrease/(Increase) in creditors	16	2,187	(133)
Increase in pension cost less contribution payable	19	3,222	5,680
Increase/(Decrease) in other provisions	19	858	(495)
Adjustment for investing or financing activities			
Investment income	6	(161)	(137)
Interest payable	9	1,702	1,913
(Gain)/Loss on the sale of fixed assets		(1,150)	9
Capital Grant Income	2	(523)	(642)
Net cash inflow from operating activities		8,455	12,347
Cash flows from investing activities			
Proceeds from sales of fixed assets		1,150	29
Capital Grant Receipts		464	785
Withdrawal of deposits		1,119	25
Investment income		161	137
Payments made to acquire fixed assets		(8,263)	(32,794)
New non-current asset investments		(1,148)	(25)
		(6,517)	(31,843)
Cash flows from financing activities			
Interest paid		(1,693)	(1,901)
Interest element of finance lease		(9)	(12)
New secured loans		-	20,000
Repayments of amounts borrowed		(2,780)	(12,749)
Capital element of finance lease		(109)	470
		(4,591)	5,808
Decrease in cash and cash equivalents in the year		(2,653)	(13,688)
Cash and cash equivalents at beginning of the year		19,872	33,560
Cash and cash equivalents at end of the year		17,219	19,872

1. TUITION FEES AND EDUCATIONAL CONTRACTS	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Full-time home and EU students	69,793	69,960	69,793	69,960
Full-time international students	7,330	4,792	7,330	4,792
Part-time students	1,975	1,940	1,975	1,940
Non credit bearing course fees	4,380	6,759	3,767	5,489
Apprenticeship Fees	2,654	1,796	2,654	1,796
Other	883	312	238	254
Research Training Support Grant	15	5	15	5
	87,030	85,564	85,772	84,236

2. FUNDING BODY GRANTS	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Recurrent grant				
Office for Students	4,493	4,989	4,493	4,989
Research England	246	175	246	175
Capital grant	523	642	523	642
Specific grants				
Special initiatives	1,395	1,410	1,395	1,410
	6,657	7,216	6,657	7,216

3. RESEARCH GRANTS AND CONTRACTS	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Research councils	7	1	7	1
Research charities	-	76	-	76
Government (UK and overseas)	59	111	59	111
Other	29	62	29	62
	95	250	95	250

4. THE SOURCE OF GRANT AND FEE INCOME, INCLUDED IN NOTES 1 TO 3 IS AS FOLLOWS

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Grant income from the OfS	5,016	5,631	5,016	5,631
Grant income from other bodies	1,641	1,585	1,641	1,585
Fee income for taught awards (exclusive of VAT)	82,650	78,805	82,005	78,747
Fee income for research awards (exclusive of VAT)	95	250	95	250
Fee income from non-qualifying courses (exclusive of VAT)	4,380	6,759	3,767	5,489
Total grant and fee income	93,782	93,030	92,524	91,702

5. OTHER OPERATING INCOME	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Residences, catering and conferences	7,780	12,332	7,558	11,924
Other services rendered	1,388	954	1,328	763
Other income	2,637	6,348	3,557	7,467
	11,805	19,634	12,443	20,154

6. INVESTMENT INCOME	Notes	Consolidated		University	
		2020	2019	2020	2019
		£'000	£'000	£'000	£'000
Investment income on endowments	20	49	-	49	-
Other investment income		112	137	111	136
		161	137	160	136

7. DONATIONS	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Donations with restrictions	60	-	60	-
Unrestricted donations	-	402	-	402
	60	402	60	402

8. STAFF COSTS	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Salaries	44,073	45,200	41,596	43,958
Social security costs	4,733	4,925	4,547	4,859
Other pension costs	8,995	7,823	8,819	7,763
Movement on pension provision	1,958	4,733	1,958	4,733
Redundancy costs	1,647	1,915	1,647	1,915
Total	61,406	64,596	58,567	63,228
Redundancy staff numbers	68	116	68	116

Emoluments of Former Vice-Chancellor (Aug-19 - Sept-19):	Consolidated		University	
	2020	2019	2020	2019
	£	£	£	£
Salary	37,579	221,487	37,579	221,487
Performance-related pay	11,074	11,075	11,074	11,075
Total	48,653	232,562	48,653	232,562
Pension payments in lieu	6,631	32,075	6,631	32,075
Total	55,284	264,637	55,284	264,637

8. STAFF COSTS CONTINUED

	Consolidated		University	
	2020	2019	2020	2019
	£	£	£	£
Emoluments of Interim Vice-Chancellor				
(Oct-19 - Jan-20):				
Salary	57,810	-	57,810	-
Pension contributions	13,689	-	13,689	-
Total	71,499	-	71,499	-

	Consolidated		University	
	2020	2019	2020	2019
	£	£	£	£
Emoluments of Vice-Chancellor				
(Feb-20 - Jul-20):				
Salary	105,000	-	105,000	-
Total	105,000	-	105,000	-

The Remuneration Committee, chaired by the Professor Ruth Farwell, Independent Governor along with one further Independent Member and a co-opted member reviewed the Vice-Chancellor's remuneration, since their start date of 1 February 2020 at its July 2020 meeting. The Vice-Chancellor was not present for the discussions.

The Committee paid particular attention to the analysis of the CUC 2019 survey which showed that when compared with institutions of a similar income and nature the Vice-Chancellor's salary was below the average basic salary. It was also below the median basic salary as detailed in the UCEA 2019 Senior Salary Survey. It was noted that there are no pension contributions or other allowances or adjustments made to the VC remuneration. It was agreed that there would be no change to the VC remuneration due to proximity to start date.

As there was no nationally agreed pay award this year due to the Pandemic, there were no adjustments made to the salary on this basis. In line with all VCG members, no performance related pay was awarded for 2019. In addition, the VC donated £13k of the relocation allowance to the student hardship fund.

8. STAFF COSTS (CONTINUED)

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

	Consolidated			
	2020	2019		
	No.	No.		
Multiples for Former Vice-Chancellor				
(Aug-19 - Sept-19):				
Basic pay	6.5	6.7		
Total remuneration	6.5	7.3		
Multiples for Interim Vice-Chancellor				
(Oct-19 - Jan-20):				
Basic pay	4.0	-		
Total remuneration	4.8	-		
Multiples for Vice-Chancellor				
(Feb-20 - Jul-20):				
Basic pay	6.0	-		
Total remuneration	5.4	-		
Remuneration of other higher paid staff, not including the Vice Chancellor, excluding employer's pension contributions	Consolidated		University	
	2020	2019	2020	2019
	No.	No.	No.	No.
£100,000 to £104,999	-	1	-	1
£105,000 to £109,999	1	-	1	-
£110,000 to £114,999	-	4	-	4
£115,000 to £119,999	1	1	1	1
£130,000 to £134,999	1	-	1	-
£135,000 to £139,999	-	1	-	1
£170,000 to £174,999	1	-	1	-
	4	7	4	7

The table above includes the remuneration of the Deputy Vice-Chancellor for 2019-20. This includes the remuneration received for the period Oct-19 to Jan-20 when they were employed as the Interim Vice-Chancellor.

	Consolidated		University	
	2020	2019	2020	2019
	FTE	FTE	FTE	FTE
Average staff numbers by major category :				
Academic Departments	567	596	558	588
Administration	299	345	229	304
Academic Services	181	172	158	162
Premises	54	48	48	47
Residences, Catering and Conferences	13	23	11	22
Research Grants and Contracts	12	14	12	14
	1,126	1,198	1,016	1,137

Compensation for loss of office payable to higher paid

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

8. STAFF COSTS (CONTINUED)**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	
2020	Restated 2019	2020	Restated 2019
£'000	£'000	£'000	£'000
2,023	1,913	2,023	1,913

Emoluments

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

9. INTEREST AND OTHER FINANCIAL COSTS

	Notes	Consolidated		University	
		2020	2019	2020	2019
		£'000	£'000	£'000	£'000
Loan interest		1,693	1,901	1,689	1,901
Finance lease interest		9	12	9	12
Net charge on pension scheme	19	1,264	947	1,264	947
		2,966	2,860	2,962	2,860

10. ANALYSIS OF TOTAL EXPENDITURE

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Other operating expenses include:				
External auditors in respect of audit services	63	53	53	44
External auditors in respect of non-audit services	12	35	4	20
Operating lease rentals				
Land and buildings	4,717	5,324	4,717	5,324
Other	136	121	136	121

11. TAXATION

No corporation tax charge (2019: no charge) arises on consolidation as a result of taxable profits in a subsidiary undertaking. Under the Education Reform Act 1998 the University obtained charitable status, consequently it is not liable to corporation tax on its income and gains. No deferred taxation has been provided in the accounts on the basis that future taxable profits of all subsidiary companies will be paid to the University by way of Deed of Covenant.

12. FIXED ASSETS

Consolidated	Freehold and Leasehold				
	Land	Building	Asset Under Construction	Equipment	Total
Cost	£'000	£'000	£'000	£'000	£'000
At 1 August 2019	21,915	179,334	4,496	24,879	230,624
Additions	-	-	7,377	2,555	9,932
Transfers	-	3,771	(3,771)	-	-
At 31 July 2020	21,915	183,105	8,102	27,434	240,556
Depreciation					
At 1 August 2019	-	34,988	-	16,047	51,035
Charge for the year	-	6,545	-	2,244	8,789
At 31 July 2020	-	41,533	-	18,291	59,824
Net Book Value at 31 July 2020	21,915	141,572	8,102	9,143	180,732
Net Book Value at 31 July 2019	21,915	144,346	4,496	8,832	179,589

University	Freehold and Leasehold				
	Land	Building	Asset Under Construction	Equipment	Total
Cost	£'000	£'000	£'000	£'000	£'000
At 1 August 2019	21,595	176,807	4,496	23,840	226,738
Additions	-	-	7,377	2,522	9,899
Transfers	-	3,771	(3,771)	-	-
At 31 July 2020	21,595	180,578	8,102	26,362	236,637
Depreciation					
At 1 August 2019	-	34,511	-	15,789	50,300
Charge for the year	-	6,495	-	2,110	8,605
At 31 July 2020	-	41,006	-	17,899	58,905
Net Book Value at 31 July 2020	21,595	139,572	8,102	8,463	177,732
Net Book Value at 31 July 2019	21,595	142,296	4,496	8,051	176,438

Leased assets included above:	Freehold and Leasehold				
	Land	Buildings	Asset Under Construction	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Net Book Value at 31 July 2020	712	-	-	424	1,136
Net Book Value at 31 July 2019	712	-	-	540	1,252

13. NON-CURRENT INVESTMENTS

	Subsidiary companies	Other fixed assets investments	Total
	£'000	£'000	£'000
Consolidated			
At 1 August 2019	-	62	62
Impairment	-	(7)	(7)
At 31 July 2020	-	55	55
University			
At 1 August 2019	2,651	62	2,713
Additions	400	-	400
Impairment	-	(7)	(7)
At 31 July 2020	3,051	55	3,106

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 (2019: £2.55 million) of Solent University Limited, a company registered in England.

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

The University owns 100% of the issued ordinary share capital of £0.5 million (2019: £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 owns 51% of the issued ordinary share capital of £1,000 of Solent Pathway Campus Limited. The main activity of the company is to deliver foundation courses allowing access to undergraduate courses at Solent.

	Consolidated and University £'000
Other Fixed Asset Investments	
HCB Holding Ltd	55
A not for profit bank, aimed at supporting the local economy	55

14. TRADE AND OTHER RECEIVABLES

	Consolidated		University	
	2019		2019	
	2020 Restated	2020 Restated	2020 Restated	2020 Restated
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Research grant receivable	31	36	31	36
Trade receivables	6,446	4,383	6,367	4,122
Other receivables	2,021	557	1,860	537
Prepayments and accrued income	1,433	1,773	1,425	1,763
Amounts due from subsidiary companies	-	-	1,096	1,169
	9,931	6,749	10,779	7,627

15. CURRENT INVESTMENTS

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Short term investment in COIF Charities Investment Funds	1,114	1,097	1,114	1,097
	1,114	1,097	1,114	1,097

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 loss was £12k (2019 Restated: £126k gain)

16. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2019		2019	
	2020 Restated	2020 Restated	2020 Restated	2020 Restated
	£'000	£'000	£'000	£'000
Secured loans	3,151	2,791	3,151	2,791
Obligations under finance leases	114	120	114	120
Trade payables	7,516	7,786	7,322	7,641
Social security and other taxation payable	1,217	1,276	1,171	1,245
Salaries and wages	3,431	2,612	3,358	2,604
Accruals and deferred income	5,461	3,257	5,230	3,190
Other payables	1,663	562	1,648	552
Amounts due to subsidiary companies	-	-	303	-
	22,553	18,404	22,297	18,143

17. CREDITORS : DUE AFTER MORE THAN ONE YEAR

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Obligations under finance lease	237	341	237	341
Secured loans	35,353	38,493	35,353	38,493
Interest rate swap-cash flow hedge	3,506	1,898	3,506	1,898
Total creditors due after more than one year	39,096	40,732	39,096	40,732
Analysis of finance lease:				
Due within one year or on demand (Note 16)	120	129	120	129
Due between one and two years	120	120	120	120
Due between two and five years	120	240	120	240
	240	360	240	360
less: finance charges allocated to future years	(10)	(19)	(10)	(19)
Total obligations under finance lease	350	470	350	470
Analysis of secured and unsecured loans:				
Due within one year or on demand (Note 16)	3,151	2,791	3,151	2,791
Due between one and two years	3,263	3,150	3,263	3,150
Due between two and five years	10,560	10,164	10,560	10,164
Due in five years or more	21,530	25,179	21,530	25,179
Due after more than one year	35,353	38,493	35,353	38,493
Total secured and unsecured loans	38,504	41,284	38,504	41,284
Secured loans repayable by 2026	38,504	41,284	38,504	41,284
	38,504	41,284	38,504	41,284

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	10,359	11,755	10,359	11,755
University	Lloyds Bank	2.414	2023	8,874	9,518	8,874	9,518
University	Lloyds Bank	2.414	2023	19,271	20,011	19,271	20,011
				38,504	41,284	38,504	41,284

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

The Lloyds Bank loans are secured by a first legal charge over The Spark.

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

18. FINANCIAL INSTRUMENTS

	Consolidated		University	
	2019		2019	
	2020	Restated	2020	Restated
	£'000	£'000	£'000	£'000
Financial assets that are debt instrument measured at amortised cost	25,717	24,848	24,310	23,574
Financial liabilities measured at amortised cost	(51,410)	(52,694)	(51,438)	(52,554)
Derivative financial instruments designated as hedges of variable interest rate risk	(3,506)	(1,898)	(3,506)	(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.

19. PROVISIONS FOR LIABILITIES AND CHARGES**Consolidated and University**

	USS		HCC	Leasehold	Sports		Total
	Pension	Pension	Dilapidation	Reorganisation	Building	VAT	
	£'000	£'000	£'000	£'000	recovery	£'000	
At 1 August 2019	773	62,200	1,543	784	-	-	65,300
Utilised in year	-	-	(38)	(364)	-	-	(402)
Additions	-	48,808	-	381	879	-	50,068
Released in year	(466)	-	-	-	-	-	(466)
At 31 July 2020	307	111,008	1,505	801	879	-	114,500

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.

Sports building provision

The University is in negotiation with HMRC on its VAT partial exemption capital sector. This provision recognises that previous practice is being reviewed.

19. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)**Teachers' Pension Scheme**

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

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

The employers' contribution rates for the University's academic staff was 16.48%.

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

	2020	2019
	£000	£000
Contributions to Teachers' Pension Scheme	3,703	3,093

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

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

Hampshire County Council Local Government Pension Scheme

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

The level of employers' contributions is set out below:

	From 1 April 2020	From 1 April 2019	From 1 April 2018
Contribution Rate	21.5%	16.1%	15.1%
Additional contributions to address fund shortfall	£881,000	£1,480,200	£1,360,600

The University also has unfunded obligations of £239k in respect of enhanced pension entitlements to staff who took early retirement under a reorganisation programme in 1993.

19. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)**Universities Superannuation Scheme**

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

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

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

	2019-20	2018-19
	£	£
Provision brought forward	772,765	252,727
Staff Costs	(366,846)	664,569
Interest Payable (Included in pension finance costs - note 9)	17,001	7,456
Contributions	(115,435)	(151,987)
Provision carried forward	307,485	772,765

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

FRS 102

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

Date of last full actuarial valuation	31 March 2019
Expected employer contributions next year	£5.09m
Duration of Liabilities	24.3 years

19. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)**Hampshire County Council Local Government Pension Scheme**

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

	31 July 2020	31 July 2019	31 July 2018
Discount Rate	1.40% pa	2.20% pa	2.95% pa
CPI Inflation	2.20% pa	2.00% pa	2.00% pa
Rate of increase in salaries	3.20% pa	3.50% pa	3.50% pa
Rate of increase in pensions in payment	2.20% pa	2.00% pa	2.00% pa
Pension accounts revaluation rate	2.20% pa	2.00% pa	2.00% pa

Mortality Assumptions

At 31 July 2020

	Retiring Today	Retiring in 20 years
Male	23.0	24.7
Female	25.5	27.2

	Value at 31 July 2020	Value at 31 July 2019
Asset Allocation		
Equities	55.0%	60.2%
Property	6.1%	7.2%
Government bonds	20.8%	20.6%
Corporate bonds	0.0%	0.0%
Cash	1.6%	1.9%
Other	16.5%	10.1%
Total	100.0%	100.0%

	Value at 31 July 2020	Value at 31 July 2019
Reconciliation to Balance Sheet		
	£000	£000

Funded Benefits

Fair Value of Fund Assets	130,936	125,130
Present Value of Liabilities	(241,705)	(187,060)
Funded Net Pension Liability	(110,769)	(61,930)

Unfunded Benefits

Present Value of Liabilities	(239)	(270)
Unfunded Net Pension Liability	(239)	(270)

Total Net Pension Liability	(111,008)	(62,200)
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19. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Amounts recognised in income statement	2020	2019
	£000	£000
Operating cost		
Current Service Cost	7,088	5,190
Past Service Cost	274	4,140
Financing cost		
Interest Cost (included in Pension Finance Costs - Note 9)	1,247	940
Pension expense recognised in profit and loss	8,609	10,270
Allowance for administration expenses included in Current service cost	57	60
Amounts recognised in other comprehensive income	2020	2019
	£000	£000
Asset gains arising during the period	530	4,340
Liability losses arising during the period	(45,651)	(26,940)
Total amount recognised in other comprehensive income	(45,121)	(22,600)
Changes to the present value of the defined benefit obligation	2020	2019
	£000	£000
Opening Value of Liabilities	184,250	148,210
Current Service Cost	7,088	5,190
Interest Cost	4,028	4,350
Contributions by Participants	1,343	1,490
Actuarial losses	48,731	23,860
Net Benefits Paid Out	(3,770)	(2,990)
Past Service Cost	274	4,140
Closing Value of Liabilities	241,944	184,250
The closing liability includes £239,000 (2019: £270,000) in respect of unfunded benefits.		
Changes to the fair value of assets	2020	2019
	£000	£000
Opening fair value of assets	125,130	113,770
Interest income on assets	2,781	3,410
Remeasurement gains on assets	530	4,340
Contributions by the employer	4,893	5,080
Contributions by participants	1,343	1,490
Net benefits paid out	(3,741)	(2,960)
Closing fair value of assets	130,936	125,130
Actual return on assets	2020	2019
	£000	£000
Interest income on assets	2,781	3,410
Gain on assets	530	4,340
Actual return on assets	3,311	7,750

20. EXPENDABLE ENDOWMENT RESERVE	2020	2019
Balances at 1 August	£'000	£'000
Capital	836	836
Accumulated income	261	161
	1,097	997
New endowments	-	-
Investment income	49	-
Expenditure	-	(26)
(Decrease)/Increase in market value of Investments	(11)	126
Transfer to restricted reserves	(1,135)	-
At 31 July	-	1,097
Represented by:		
Capital	-	836
Accumulated income	-	261
	-	1,097
Analysis by type of purpose:		
Research support	-	1,092
General	-	5
	-	1,097
Analysis by asset		
Current and non-current asset investments	-	1,097
Cash & cash equivalents	-	-
	-	1,097

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

21. RESTRICTED RESERVES

Reserves with restrictions are as follows:

			2020	2019
	Grants	Donations	Total	Total
	£'000	£'000	£'000	£'000
Balances at 1 August 2019	-	19	19	431
New grants	-	-	-	-
New donations	-	50	50	19
Transfer from trust funds	-	1,115	1,115	-
Grants utilised	-	-	-	(430)
Expenditure	-	(7)	(7)	(1)
Movement for the year	-	1,158	1,158	(412)
At 31 July 2020	-	1,177	1,177	19

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

Project support	1,160	-
Student Bursaries	17	19
	1,177	19

	1st Aug 2019	Cash Flows	31st July 2020
Consolidated	£'000	£'000	£'000
Cash and cash equivalents	19,872	(2,653)	17,219

23. CONSOLIDATED RECONCILIATION OF NET DEBT

	£'000	
Net debt 1 August 2019	23,771	
Movement in cash and cash equivalents	2,653	
New finance leases	(110)	
Other non-cash changes	(2,780)	
Changes in market value and exchange rates	1,608	
Net debt 31 July 2020	25,142	
Change in net debt	<u>1,371</u>	
	2020	2019
Analysis of net debt:	£'000	£'000
Cash and cash equivalents	17,219	19,872
Borrowings: amounts falling due within one year		
Secured loans	3,151	2,791
Obligations under finance leases	114	120
	<u>3,265</u>	<u>2,911</u>
Borrowings: amounts falling due after more than one year		
Obligations under finance lease	237	341
Derivatives	3,506	1,898
Secured loans	35,353	38,493
	<u>39,096</u>	<u>40,732</u>
Net debt	<u>25,142</u>	<u>23,771</u>

24. CAPITAL COMMITMENTS

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Commitments contracted but not provided for	948	4,544	948	4,544

25. CONTINGENT LIABILITIES

At 31 July 2020 the Governors were not aware of any liabilities for which full provision has not been made.

26. LEASE OBLIGATIONS

Total rentals payable under operating leases:	31 July 2020		31 July 2019	
	Land and Buildings	Plant and Machinery	Total	Total
	£'000	£'000	£'000	£'000
Payable during the year	4,717	136	4,853	5,445
Future minimum lease payments due:				
Not later than 1 year	1,907	141	2,048	4,703
Later than 1 year and not later than 5 years	4,844	20	4,864	5,427
Later than 5 years	1,442	-	1,442	996
Total lease payments due	8,193	161	8,354	11,126

27. EVENTS AFTER THE REPORTING PERIOD

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

28. SUBSIDIARY UNDERTAKINGS

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

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

29. RELATED PARTY TRANSACTIONS

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

A total of £1,771 was paid to 6 Governors (2019: £2,437 paid to 6 Governors).

Transactions are disclosed where members of the Board of Governors, trustees and senior members of staff disclose an interest in a body with whom the University undertakes transactions which are considered material to the University's financial statements and/or the other party. Due to the nature of the University's operations and the composition of the Board of Governors, being drawn largely from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

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

Solent University	Sales to related party	Purchases from related party	Amounts owed to related party	Grants and loans made to related party
	£000	£000	£000	£000
Solent Students Union 2019-20				
Trade	3	7	-	-
Grant	-	-	36	483
Solent Students Union 2018-19				
Trade	-	9	-	-
Grant	-	-	42	475

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 2020 the University also received a £1.12m grant from the Solent Local Enterprise Partnership. This was the last instalment of a grant intended to enable the refurbishment of the Reginald Mitchell Building and the 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. The former Vice-Chancellor Professor Graham Baldwin was a member of the Solent Local Enterprise Partnership's Learning & Skills board.

30. ACCESS & PARTICIPATION PLAN

	<u>Consolidated</u>	<u>University</u>
	<u>2020</u>	<u>2020</u>
	<u>£'000</u>	<u>£'000</u>
Access Investment	1,340	1,340
Financial Support	3,233	3,233
Disability	309	309
Research and Evaluation	58	58
Total	<u>4,940</u>	<u>4,940</u>

As set out in the Accounts Direction (OfS 2019.41), no comparatives have been given as the prior year expenditure relates to the Widening Participation Plan and the amounts are not comparable.

Details of the approved plan can be found at;

<https://www.solent.ac.uk/about/documents/solent-access-and-participation-agreement-19-20.pdf>

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