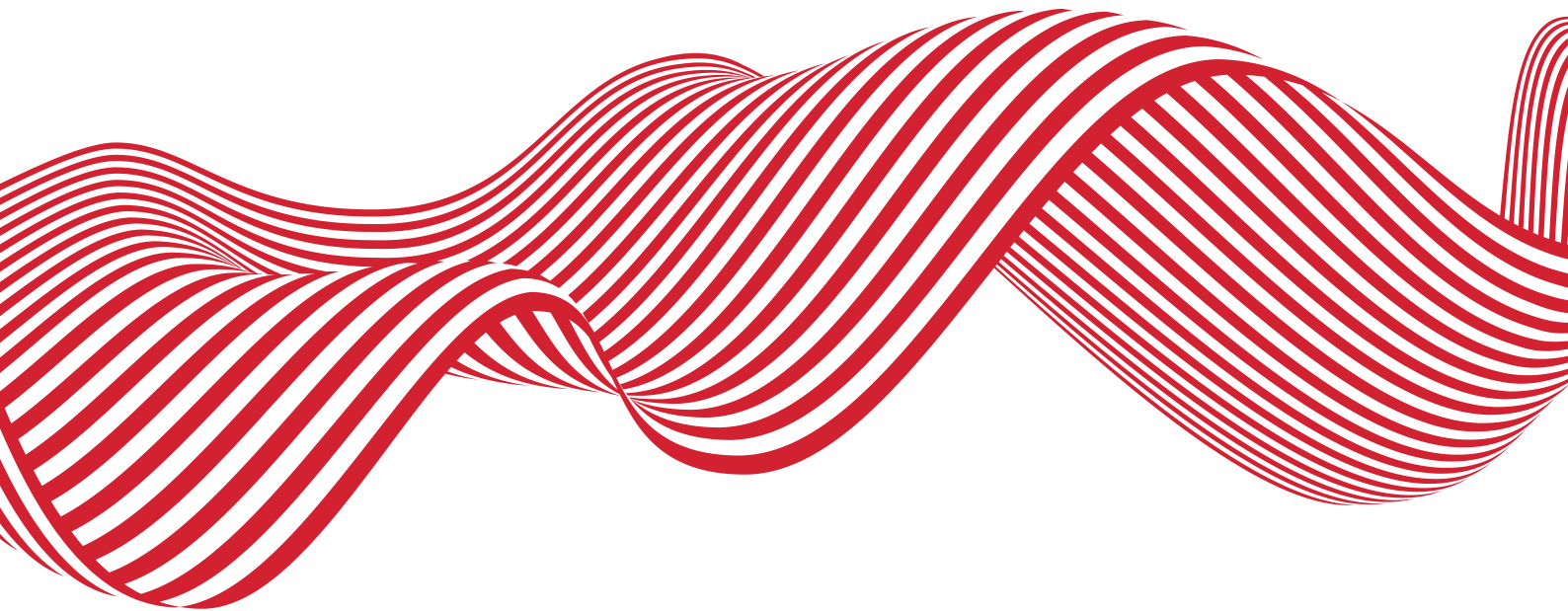




FINANCIAL STATEMENTS

For the year ended 31 July 2022





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Welcome and educational purpose

From the Pro-Chancellor and Chair of the Board of Governors,
and the Vice-Chancellor

We are delighted to introduce Solent University's operating and financial review for 2021/22, a year which has witnessed the arrival of a post-pandemic era and significant change within the sector and the wider world. The challenges of the previous year, the impact of a global pandemic and a rapidly changing external context for the higher education sector continued to shape the University's planning.

Although the COVID-19 government lockdown measures ceased in the UK in April 2021, wider social contact rules continued to apply in all settings for the remainder of 2021 and some into 2022. The pandemic continued to affect our lives and impacted on the academic year, although to a lesser degree. Fortunately, further restrictions were not imposed, and this enabled the University to deliver a full year of teaching and learning, as well as all our campus operations, on site.

The political context for universities was no less challenging, with many changes to the regulatory framework. The government produced its long-awaited response to the Augar review, which saw tuition fees capped at £9,250 until 2025, and the University responded to several consultations (led by the Department for Education) on the introduction of minimum entry standards to higher education and the introduction of student number controls. The outcomes of these consultations will likely further shape the political landscape and operating context for the sector.

We continued to work closely with professional and regulatory bodies to ensure our teaching would meet the rigorous requirements for professional awards. We used the learning from our experiences during the pandemic and from student feedback, building on the positive outcomes of the changes we made. Following the successful work of our transformation academy we introduced a new learning and teaching delivery model, designed to create a step change in student outcomes and eliminate differentials in student success and progression. Our newly developed pedagogy has been based on a mix of collaborative, directed and guided learning, an approach that retained elements of online learning (utilising innovative materials developed during Covid restrictions) alongside our face-to-face delivery, and this has proved very successful throughout the year.

The newly introduced ways of working (WOW) for our staff community have also worked very well, enabling our staff to combine the flexibility of working from home with much-needed collaborative face-to-face engagement, while ensuring institutional business needs are met and we deliver the best possible student experience. This helped to address some of the issues around increased workloads, home-life balance and staff wellbeing highlighted by the staff survey undertaken in November 2021. It was pleasing to see that 'commitment to the University' was the strongest emotion felt by staff in the survey outcomes. Our recently launched collaborative working space, now occupied by the senior team and the majority of professional services staff, has been warmly received and represents an excellent blueprint for future remodeling of our estate. We continue to adapt to a post-Covid hybrid working environment and have continued our focus on staff well-being as a key priority.

Following work to implement our new strategic plan 2025 and the Solent future ready programme during 2020/21, the University's Board agreed to a 'year of greater stability'. As such, the senior team focused on our student recruitment growth plans, revalidating the objectives set out in our strategy 2025 and refining the Solent future ready implementation plan into three priorities, termed the three betters: better brand, better offer and better operations. Specific targets were set, linked to our strategy KPIs. Student recruitment remained the key focus, and the University saw above-target postgraduate taught (PGT) recruitment in January, while domestic undergraduate applications and confirmations increased for the first time in five years.

The year has seen a raft of measures from the Office for Students (OfS) intended to reshape the post-16 landscape. The University continues to comply with all revised conditions of registration and is above benchmark on the metrics linked to continuation, completion and progression to employment or further study. The National Student Survey 2021/22 results show that Solent is ahead of the sector benchmark for six out of the nine key measures, and in line with (or showing year-on-year improvement on) all measures. We are now in the top 50 universities for our teaching and in the top 30 for our approach to assessment and feedback of students' work. Our graduate outcomes plan, focused on our students' gaining employment or full-time study after graduation, has also made significant progress.

During the year staff worked tirelessly and despite the challenges the year has seen significant progress in delivering against our strategic priorities and many achievements by our students and staff. These are detailed in individual sections of the Financial Statements, and are a testament to the hard work and commitment of Solent staff across academic and professional services. Of note

is our progress in becoming a research-informed and research-active institution, as validated by our Research Excellence Framework (REF) 2021 results. The results represent a significant improvement on REF 2014 and are the culmination of years of hard work across the University's faculties, schools, and professional services. They provide a strong basis for our next submission and place research at the heart of everything we do, embedding research informed teaching across all our provision.

In addition, our annual Prevent accountability and data return for the academic year 2020/21 was approved by the OfS in May without requirement for further scrutiny. Solent's 2020-2025 access and participation plan, outlining the University's commitment to providing equal opportunities to people from all backgrounds to access, succeed in, and progress from higher education; was also confirmed by the OfS as not requiring additional monitoring or measures. Our commitment to creating a more diverse and inclusive community culminated in gaining a bronze award with the Race Equality Charter Mark; the first step in our journey. Finally, Solent's application for a share of £120 million in government capital funding for the development of a new Institute of Technology (IoT) for the region was successful.

The following highlights give a flavour of the University's achievements during the year.

With face-to-face teaching recommencing on campus, we focused on providing the warmest welcome to students starting and returning to university. In September we launched our civic charter with key partners and external stakeholders, demonstrating our commitment to the economic and social recovery of the city and the region. In October we launched our newly established graduate school, creating a home for our growing population of postgraduate research students. November was a busy month, with the launch of our nine newly formed research groups; the opening of our first research centre, the Centre for Marine Sustainability; Solent's first environmental day and the publication of our levelling up impact report setting out the University's role in levelling up both locally and nationally. The inaugural meeting of our Advisory Board for the Warsash Maritime School (WMS) – comprised of leading figures in the maritime industry – took place. As the year ended, we were joined by our Chancellor Theo Paphitis for the launch of Solent's Business Pitch, a new Dragon's Den style competition for our students and alumni with the winner awarded business startup funding and office space. In January we became an Adobe Creative Campus, enabling all staff and students to utilise Adobe products in their teaching and course work. Solent is only the second university in the country to roll out this suite of resources. In February we established Creative South, joining forces with partners from across the creative industries. March saw two more firsts: the launch of the Warsash Maritime Autonomous Surface Ships Research Centre (WMRC), and the inaugural meeting for the Faculty of Creative Industries, Architecture and Engineering Advisory Board. In April our Library and

Learning Services (LLS) were awarded the Customer Service Excellence Award in recognition of the high-quality customer service delivered by staff. We commenced our brand refresh project, culminating in an official launch in September 2022, and we submitted our application for a silver award from the National Co-ordinating Centre for Public Engagement.

Finally, during the year the University delivered three sets of graduation ceremonies, a phenomenal achievement – graduating our 2020, 2021 and 2022 student cohorts, all of whom had their learning and university life impacted by the pandemic. Over 6,000 students, their families and friends attended a series of uplifting ceremonies in Southampton Guildhall and received their degrees, alongside a range of outstanding and inspiring individuals to whom the University awarded an honorary degree.

The year has also been characterised by a relentless focus on our financial sustainability. We continue to review the effectiveness and efficiency of our operations, exemplified by the project team working on the roll-out of our new student records system, Gateway, from Autumn 2022. We continue to refine our innovative marketing plans and extend our international presence through partnerships with key suppliers and partners.

During the 2021/22 academic year the University has successfully embedded the objectives and targets of our strategy. The Chair and Vice-Chancellor are very proud of our students' and cadets' achievements, and we extend our warmest thanks to the staff of the University for their hard work, creativity, and agility during an impactful year. Our strategy continues to ensure that we are well placed to meet the challenges of today and into the future. We are confident we are building a strong and sustainable platform to enable the University to deliver its objectives for 2025 and beyond.



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



Professor Karen Stanton
Vice-Chancellor



Financial highlights

RESULTS, CASH FLOWS, ASSETS AND RESERVES

	2022	2021
	£000	£000
Academic Fees and Support Grants	84,915	96,036
Funding Council Grants	7,710	8,270
Research Grants and Contracts	397	170
Other Operating Income	10,500	8,124
Endowment and Investment Income	32	5
Donations and endowments	60	30
Total income	<u>103,614</u>	<u>112,635</u>
Operational surplus before FRS102 and gains	570	5,839
(Deficit)/Surplus for the Year After Tax	(5,549)	338
Other comprehensive expenditure	86,649	20,052
Total comprehensive income for the year	<u>81,100</u>	<u>20,390</u>
Net cash inflow from operating activities	11,335	16,310
Increase in cash and cash equivalents in the year	7,376	9,163
Non-current assets	166,108	175,019
Current assets	48,986	37,266
Current liabilities	(28,877)	(23,907)
Non-current liabilities	(31,045)	(36,584)
Pension liabilities	(20,780)	(98,503)
Total Reserves including Pension Liability	<u>134,392</u>	<u>53,291</u>
Other Key Statistics	2021-22	2020-21
Number of Higher Education Full-Time Equivalents	8,735	10,049
Total Number of Higher Education Students	10,686	11,341
Number of Employees	973	1,006





Our strategy 2025

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

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

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

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

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

Our students will leave us with the knowledge and skills to achieve their ambitions; and the passion and confidence to shape the future, meet its challenges and seize the opportunities it holds.

Our three core priorities reflect these goals and values.

- We do everything we can to encourage student success, offering:
 - Exciting, modern and academically rigorous degree courses.
 - A focus on employability, real-world learning and opportunities to develop professional connections.
 - An outstanding student experience, ensuring our students emerge as well-rounded, confident individuals.
 - In-depth support and opportunities that nurture students’ development and ambitions.
- As a hub of research and knowledge exchange, we have a lot to offer:
 - Our forward-thinking academic community has a broad wealth of specialist expertise, which is highly applicable to real-world challenges.
 - Embedded in the industrial and cultural life of our region, we promote ambition, innovation and wealth creation.
 - We offer knowledge creation, problem-solving, free-speech and equal opportunities, setting the standard for a modern, engaged university.
- And we are committed to our city and communities, engaging with them to shape the future of Southampton and beyond:
 - By opening up our campus and our own Solent University community, sharing our skills and resources with the wider world, and learning from and supporting the places we belong to, we ensure a brighter future for all.
 - We are, at our heart, a sustainable university, financially resilient and focused on that future.
 - We are environmentally sustainable, from our rigorous environmental policies to our ambitious sustainable performance targets.
 - We nurture our partnerships, using Solent University resources to drive economic growth and ensure the best for our students, staff and communities.
 - And we recognise our place in the wider world, welcoming global graduates and opportunities, and building on our developing international reputation.

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



Student success

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

In 2021/22 we created a learning, teaching and student success strategy, committed to improving every aspect of our students' university experience, with strong links to other strategies including estates and portfolio, as well as our access and participation plan. This year we are pleased that we have achieved the year-one milestones in our strategy.

The National Student Survey 2021 results show that Solent is ahead of the sector benchmark for six of the nine key measures.

Against our sector and benchmark, we scored:

- Student voice – 4.2 percentage points above.
- Academic support – 3.3 percentage points above.
- Learning community – 3.1 percentage points above.
- Assessment and feedback – 2.9 percentage points above.
- Learning resources – 0.5 percentage point above.
- Teaching – 0.1 percentage point above.

Our goals are to work collaboratively with students to:

- Offer a portfolio of exciting, modern and academically rigorous courses with employment-focused, real-world learning that prepares students to succeed in their chosen profession, vocation, or enterprise.
- Ensure an innovative and inclusive curriculum with excellent teaching that is face-to-face and online with wide-ranging opportunities to learn.
- Develop a transformative digital infrastructure for student success, and access to state-of-the-art, industry-standard specialist equipment including laboratories, studios, and simulators.
- Drive forward an environment where all students can belong and succeed, monitored by progress against KPIs.



During 2021/22:

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

- Refreshing our core undergraduate courses to ensure they are attractive to potential students.
- Closing or merging courses where student numbers made them unviable.
- Creating a business advisory group to advise on curriculum and graduate employment.
- Extending our postgraduate offer to create pathways from some of our strongest undergraduate courses.
- Introducing a new learning and teaching delivery model which is designed to create step changes in student outcomes and eliminate differentials in the success and progression of our students. The model comprises three components: directed learning is about foundation knowledge sharing; collaborative learning refers to our deep learning events which comprise flipped-learning, participative, interactive, rich, problem-based, and active learning activities; and guided learning enables students to build upon their collaborative learning to fuse academic knowledge with its real-world application, enriching the student experience and adding value to our students' time at Solent.

Examples of guided learning and our 'real-world' curriculum are varied, but include:

- Solent's business pitch, our own version of Dragon's Den, was launched by Chancellor and TV 'dragon' Theo Paphitis. Open to Solent students and alumni, the competition offers a prize of £10k investment to support their business venture.
- Students from a variety of courses across TV production, film, media, photography and even law took part in several festivals such as Glastonbury, NASS Festival, Camp Bestival and Boardmasters. The

Student success continued

Student success continued



The National Student Survey 2021 results show that Solent is ahead of the sector benchmark for six of the nine key measures.

University's highly professional, real-world outdoor broadcast experiences are a massive boost to the students who take part.

- Students from a variety of our creative courses completed paid freelancing work with industry through Solent Creatives, building real-world experience and developing the skills to become a successful freelancer/business owner. Solent Creatives have worked with 52 companies this year, providing 60 freelancing projects for our students.
- 200 students across 46 courses attended the Spring Forward to the Future event (February 2022) organised by our business school and Solent Futures. 28 organisations attended with 46 representatives in attendance across 25 sectors, providing networking and industry opportunities for our students.
- Solent Futures worked in partnership with WPP (a global advertising company) and ThinkEngine (a digital marketing agency set up by a Solent Graduate) on specific pieces of recruitment, resulting in Solent students filling the positions, and providing a pipeline for further recruitment each year.
- Creating a new Institute of Technology strategy which aims to meet the Solent region's future workforce needs across maritime, engineering, and digital technologies - connecting learners across the educational partners through innovative learning opportunities and an employer-led curriculum.

Deepening our partnerships with students and the Students' Union through:

- Working closely with our course representatives to ensure students are at the heart of learning and teaching improvements.
- Utilising generally very positive module feedback to respond quickly to student queries and concerns, and focus resources on those courses which required change.
- Extending our work with student curriculum consultants to monitor and enhance Solent Online Learning (SOL) and the inclusive curriculum.
- Co-creating enhancements to the student experience with the Students' Union, through regular and open conversations and problem solving.

We are continuously striving to create an inclusive university by:

- Launching a new equality, diversity and inclusion action plan which sets ambitious targets for removing differentials in the student journey, and for reviewing our policies and practices to create an environment where all students can thrive.
- Successfully applying for a Bronze Race Charter Mark Award, which describes our solid foundation for race equality at Solent and lays out a three-year SMART action plan.
- Including a BAME value-added score (the way we measure the awarding gap) in our course performance dashboard, ensuring equality is at the heart of our quality performance assessment of courses.
- Delivering the milestones in our five-year access and participation plan.

We continuously enhance our student outcomes by:

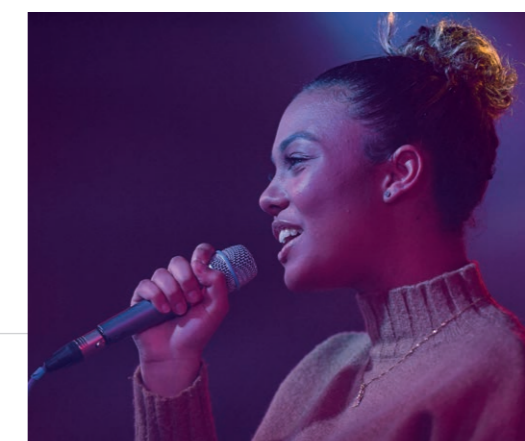
- Developing a new module dashboard tool to create a culture of data-driven, evidence-based and continual improvement.
- Delivering the milestones of the university-wide and coordinated plan to improving graduate outcomes.
- Extending the number of colleagues applying for senior, principal and national teaching fellowships.

Key successes for our student community in 2021/22 include:

- We were selected to become the second UK Adobe Creative Campus, ensuring all our students have access to unique development and upskilling opportunities.
- We designed a new student village and created a set of principles to ensure students get the maximum benefit from a better co-ordinated service.
- We were awarded a CSE for library and learning service, including the LTU help desk – service to students and staff.

During 2022/23 we will build on the work already in scope in our learning, teaching and student success strategy, but we will also focus on:

- Embedding sustainability across the curricula.
- Extending our inclusive curriculum framework across the faculties and schools.
- Strengthening the support to courses enabling them to meet the high standards of quality we set ourselves.
- Enhancing our academic and pastoral guidance systems to better support students who are traditionally under-represented in higher education or who have a high learner dependency.
- Evaluating our learning, teaching and student success initiatives to ensure we invest in high-impact activities.





Research and knowledge exchange

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

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

Our progress

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

Our progress is clear and reflected in our recently released Research Excellence Framework (REF) 2021 results, which establish Solent as a university with research at its core. REF is the UK's system for assessing the quality of research in UK higher education institutions.

In REF 2021, 34% of Solent's overall research was assessed as world-leading and internationally excellent – up from 19% in 2014. 50% of our research outputs were rated as world-leading and internationally excellent – up from 28% in 2014. The University's submission included research from 59 researchers – up from 43 researchers in 2014.

Providing our researchers with the tools they need to be successful, and establishing mechanisms through which Solent University's expertise and analysis can be brought into the public forum, are central to ensuring our researchers fulfil their potential and the University meets its aims.

To successfully deliver our ambitions we are continuing to develop a culture and community where research is at the heart of everything we do. We are embedding research-informed teaching across our undergraduate and postgraduate provision, ensuring that curriculum content

throughout the University is underpinned by our own research and/or that of others. We celebrate and support all research activities in the University, making research synonymous with our academic identity. We have begun reviewing and improving our information management systems on research and knowledge exchange activities to ensure they are comprehensive, accurate and transparent. This will allow informed decision-making and ultimately progress towards successfully fulfilling our goals.

To that end, we are continuing to focus on and develop our core strengths and areas of expertise. The key subject areas that will form our submission in REF 2027 and underpin our knowledge exchange work include:

Research themes:

- Environment and engineering.
- Human health and function.
- Media culture and the arts.
- Social research and policy.

Knowledge exchange priorities:

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

Our successes

Building on our areas of expertise we have successfully launched two research centres. The Centre for Marine Sustainability is a purpose-driven research unit helping to deliver understanding and innovation for safer, sustainable oceans. The Warsash Maritime Autonomous Surface Ships (MASS) Research Centre (WMRC) is pioneering research into maritime autonomy, from smart ships and ports to the human elements working in tandem with smart systems. Furthermore, we have supported the development of nine new research groups across our areas of expertise.

Examples of Solent research which are having a global impact includes the IMEC 'train the trainer' course, which provides an innovative 100% online course to develop

Research and knowledge exchange continued



and enhance the skills of experienced instructors in the maritime industry. The three-week course is delivered by Solent University and provides the additional benefit of participants learning how to create online learning environments, which have significantly increased in frequency since the outset of the Covid-19 pandemic. The course is funded through the International Maritime Training Fund and is therefore completely free of charge for all participants.

The EU Erasmus+ funded 'Euro-ZA capacity-building in the field of maritime education' project which ended on 31 July 2022, is enabling the alignment of qualifications, allowing knowledge development, research exchange, and recognising a global standard to deliver improved capacity in maritime education. The project is providing the opportunity to incorporate the understanding knowledge of leading maritime training and education institutions from Europe and South Africa. The results of the project are informing improvements in both pedagogical processes and facilities in the partners organisations and across the sector.

Our progress is clear and reflected in our recently released Research Excellence Framework (REF) 2021 results, which establish Solent as a university with research at its core.



Engaging Communities



Over the last year the University has been further enhancing its approach to collaborative working with its three key communities: alumni, business, and the local community. As restrictions put in place during the peak of the pandemic reduced, we saw a return to large-scale, city-wide events and in-person activity here on campus.

September 2021 saw us launch our civic charter for Southampton and the Central South region, setting out a series of commitments of how we plan to work together and make a positive contribution to the region's future growth. Supported by organisations including Southampton City Council, Solent LEP and GO! Southampton, the charter recognises our role as an anchor institution for the region – and has resulted in us adapting some of our core offerings, which will launch in the 2022/23 academic year.

One of the commitments set out within our civic charter was to support Southampton's bid to become UK City of Culture in 2025. While the result was disappointing, with Bradford being awarded the title, the University played a central role in supporting the Southampton bid, seconding staff and hosting the bid team. Following the bid, the University has committed to continue working with its strategic partners, building on the strong foundations that have been set.

Work has also progressed in achieving two of our key performance indicators for engaging with communities. Working with students, staff and external partners, the University submitted an application to secure the Engage Watermark award granted by the National Centre of Coordination for Public Engagement (NCCPE). As part of this work our public engagement network also celebrated its first year, seeing over 100 staff and students come together to share best practice and expertise. 2021/22 also saw us launch our public engagement training and development programme.

Alongside this we also progressed our work in becoming a University of Sanctuary. The 2021/22 academic year saw us welcome our first sanctuary scholar to the University, with several initiatives and support procedures put in place. We also continued to grow our engagement with the wider network of support agencies in the city in response to the Ukraine crisis.

As businesses continued to adapt in the post-Covid era, the University's business school announced its support of the government's Help to Grow management programme. Two cohorts have so far benefited from the programme, enabling them to reshape their business strategy with a view to long-term growth and sustainability.

Work to embed the business community within the University further progressed with the launch of business advisory boards within our identified faculties and schools. Now established for a year, the board within our Solent Business School goes from strength to strength, bringing opportunities for innovation and collaboration with our student community.

Last year we announced a relaunch of our partnership with Southampton Football Club, focusing our efforts to support the growth of the women's team. Several new interventions were successfully delivered for college students, from the launch of our pathways to excellence webinars to students on our BSc (Hons) Football Studies degree being coached by Southampton FC's coaches.

Our alumni community continued to support the University through guest lecturing and mentoring, while we officially welcomed our newest graduates to their alumni network, having held graduation ceremonies for the classes of 2020, 2021 and 2022. Alongside this we also celebrated the successes of our alumni through the inaugural Business and Alumni Awards, announcing our first ever Future Leader and Graduate Outcome award-winners. Other notable alumni successes include Gareth Dauley, who was announced as the winner of the Senior Leader Award in the STEM category at the Black British Business Awards, and Dean Massey, who won Camera Operator of the Year at the prestigious Royal Television Society Journalism Awards.

We also became amongst the first universities in the UK to publish a levelling up impact report, highlighting how the University is making a positive difference to society.



Access and participation

In 2019, the OfS approved the University's strategic access and participation plan (APP) for 2020–25. A variation to the plan was submitted in April 2022, to refocus some of the activities. The APP is focussed on our plans to reduce or remove significant gaps in the access, achievement, retention, and progression of targeted widening participation (WP) groups. The plan is ambitious and far-reaching, and includes activities to monitor and evaluate the impact of key initiatives so we can learn from, and share, our successes.

We provided a robust WP programme for disadvantaged learners in schools/colleges/local communities:

- Range of established and new activities completed to address the access gaps for Asian and IMD Q1 entrants (Indices of Multiple Deprivation with Q1 being the most deprived of five quintiles) and the gaps for IMD Q2 and POLAR4 Q1 entrants (Participation of Local Areas with Q1 being the lowest rate of participation of five quintiles).
- Barriers to higher education for Asian 18-year-old entrants were investigated through focus groups with student ambassadors, the Student Diversity Network and community members.
- Stakeholder meetings to inform interventions and deliver best results in removing barriers were held with Unity 101 Radio, Abu Bakr Mosque, The United Voice of Africans Association and Southampton City Council.
- A CPD event for community leaders was delivered.

Our professional mentoring scheme matched 40 Solent students to industry professionals, including Solent alumni, from a range of sectors. This enhanced students' employability prospects, improving their confidence and connections.



We provided support for post-16 disadvantaged and hard to reach learner to access higher education:

- Work to support UK student recruitment included the introduction of a Black, Asian, and other ethnically diverse communities student scholarship, available to 30 new students from September 2022.
- In addition to school and community campus events, specific pupil and parent events took place targeted to meet the needs of Black, Asian, and other ethnically diverse communities pupils supported by the active employment of ambassadors from similar backgrounds to assist in delivering activities.
- A residential visit undertaken with the Wellington Trust was also targeted to Black, Asian, and other ethnically diverse communities pupils. Targeted transition events have followed a similar approach.
- Attainment-raising activities focused on three GCSE maths revision projects in local schools, in addition to workshops designed and delivered to support progression to level three. Evaluation outcomes of the 'More Maths' activity indicate that learners' confidence in taking future examinations in mathematics increased after participating in the activity. Self-reported perceptions of their mathematics knowledge also improved.

We implemented strategies to reduce awarding gaps:

- Race Equality Bronze Charter successfully achieved.
- A successful pilot with staff and students completing the Santander Union Black race equality training, and we are working with Santander on revisions to the course based on feedback and evaluation.
- Extensive use of inclusive curriculum consultants, 60% of whom have a Black, Asian, and other ethnically diverse communities background, in a wide range of teaching and learning initiatives and in an inclusivity review of 179 SCEP modules.

Access and participation continued



- A programme of CPD workshops delivered to address race equality, with themes including the value of co-creation, understanding value-added scores, student diversity and inclusivity and the inclusive curriculum framework.
- 35 staff attended a GRIT staff workshop exploring race equality in higher education.
- The return of targeted transition and introductory days to support eradicating the disability awarding gap; providing information, advice, and guidance on support, the DSA process and independent living at Solent.
- Simply Social re-established on campus to facilitate peer support for students with ASD.
- Access Solent team leaders delivered a session on disability support, reasonable adjustments and inclusive teaching and learning on the Solent PGCert course.

We implemented strategies to close gaps in progression to high skilled roles:

- Our professional mentoring scheme matched 40 Solent students to industry professionals, including

Solent alumni, from a range of sectors. This enhanced students' employability prospects, improving their confidence and connections.

- Solent Course Enhancement Programme (SCEP) activities reached 1,297 students.
- Connections were established with 504 employers, an average of 42 per month.
- 1,290 employment opportunities were advertised.
- Employer Partnerships are in place with Hampshire Constabulary, Saints and Enterprise Rent-A-Car (ERAC)
- We were successful in a bid to the OfS to increase diversity in AI and data science. Five scholarships of £10,000 have so far been offered to Black, female and disabled students for Solent's MSc Applied AI and Data Science course.
- Two students attended the Freshfields Stephen Lawrence Scheme Insight Day.
- Six successful applications were made to the PWC Southampton mentoring scheme.



Our People

Our people and culture enabling plan is a key priority that underpins the delivery of our Solent future ready strategy, achieving our vision and ensuring our students and the University are ready for the future. Our six values underpin everything we do: respect, ownership, inclusivity, engagement, integrity, and teamwork.

As part of our Solent future ready strategy and over the last year, we have seized the unique opportunity to retain what has worked well during the Covid-19 pandemic and implemented new ways of working and workstyles and we have created an inspiring professional services collaborative workspace all which further evolve our culture towards greater flexibility and empowerment, accountability, and trust.

In November 2021 we held our triannual staff engagement survey, which was key in monitoring the emotional climate across the University. We are delighted that highlights from our survey include high levels of engagement through increased survey response; 'commitment' being our most dominant emotion with people wanting to give their best for the University; colleagues enjoying their work and finding it worthwhile and satisfying; and managers being highly valued for recognising people's efforts and keeping people well informed.

Over the next year we will focus on delivering our university staff survey action plan, continuing to evolve our culture and the ways we work and developing sector-leading people initiatives. We will continue to develop our leaders, ensuring we create an enriching, enabling and empowering environment where people's wellbeing and development are supported to achieve their full potential.

Equality, diversity, and inclusivity (EDI)

Equality, diversity, and inclusivity continues to be a priority for Solent. We aim to create a healthy working environment and the conditions for everyone to thrive and this aim is supported through our equality and wellbeing committee and our mental health vision for students and people working at Solent. As a culmination of our dedication, we are delighted to have been awarded the Bronze Race Equality Charter Mark that demonstrates our commitment and the value we place on equality, diversity, and inclusion.

Through our EDI action plan supporting the delivery of our EDI strategy we have developed initiatives including:

- Continuing to work collaboratively with all staff networking groups, including our LGBTQ+ and BAME networks, to enhance our policies, practices, and ways of working.
- Supporting colleagues to attend the AdvanceHE Aurora programme for the third consecutive year, to further support Solent's commitment to developing female leaders and our women achievers network.
- Enhancing CPD and developing positive action leadership training opportunities to meet the needs of BAME staff by sponsoring colleagues to attend the AdvanceHE diversifying leadership programme.
- We also continue to see increasing engagement with our employee assistance programme.
- Our gender and ethnicity pay gap continues to remain a focus and our median pay gap for 2021 has remained consistent for a second year at 2.9%. Our ethnicity pay gap has also reduced from 3.1% in 2020 to 2.86% in 2021.

we are delighted to have been awarded the Bronze Race Equality Charter Mark that demonstrates our commitment and the value we place on equality, diversity, and inclusion.

Our people continued

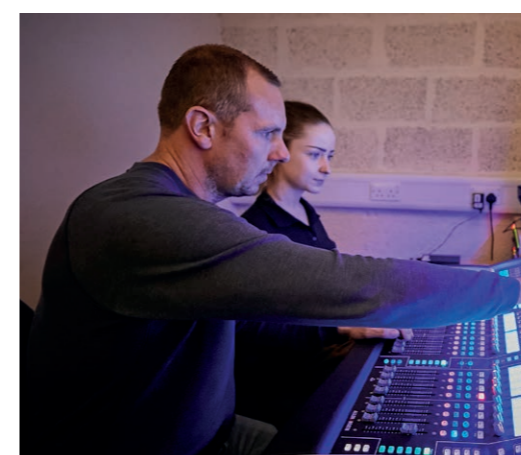
Our people continued



Trade Union facility time report (tax year ended 31 March 2021)

Under the Trade Union (Facility Time Publication Requirements) Regulations 2017 (SI 2017 no. 328), the University is required to publish information about employees acting as trade union representatives for each year to 31 March. Below is a summary of the information submitted by Solent University:

	No.	FTE'S
Employees who were relevant trade union officials	15	13.35
Percentage of working hours spent on facility time:		
0% of working hours	0	0
1% - 50% of working hours	15	13.35
51% - 99% of working hours	0	0
100% of working hours	0	0
Total pay bill for the tax year 2021-22	£51,196,793	
Total cost of facility time	£26,896.62	
Percentage of pay spent on facility time	0.05%	
Hours spent on paid facility time	1036.35	
Hours spent on paid trade union activities	49.35	
Percentage of total paid facility time hours spent on paid TU activities	4.76%	





Environmental sustainability

The University continued to implement its environmental and sustainability enabling plan in 2021/22 and environmental performance continues to be managed through the ISO 14001:2015 certification, an externally verified environmental management system (EMS). Following a three-day external audit in March involving interviews and site visits to three campuses, Solent's environmental management system was recertified to ISO14001:2015 and EcoCampus Platinum standard. The auditor reported that elements of the EMS demonstrated excellent management of high-risk areas.



The University organised a week of activities 1-5 November to mark the UN Climate Conference COP26. This included a two-day student hackathon on reducing single use plastics, an environmental marketplace featuring stalls and activities and the launch of the centre for marine sustainability. Local primary school pupils also visited campus and worked with Solent students to create an art display using recycled materials.



Solent's first carbon literacy programme took place in the autumn of 2021, hosted in partnership with the University of Winchester. Staff and students attended a six-week training course to develop their understanding of climate change causes and effects, and learn how to reduce carbon footprints and support positive behaviours as individuals and as institutions.

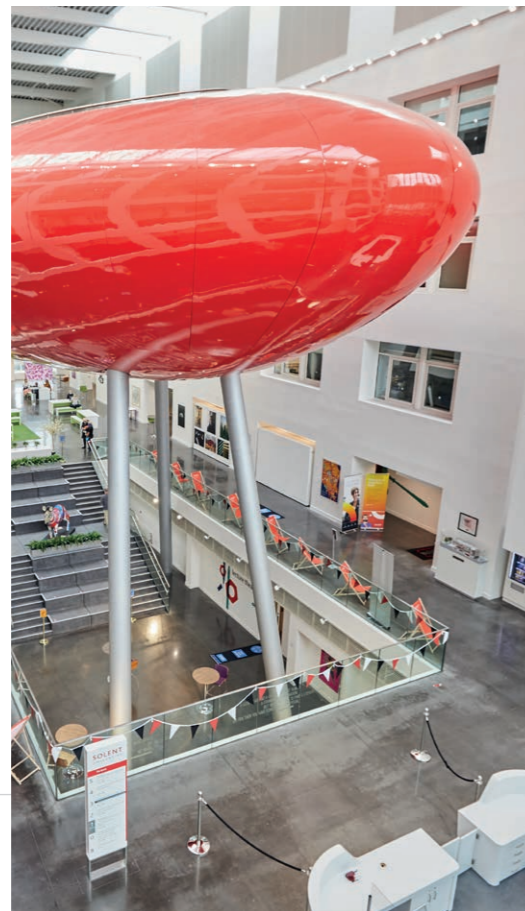
use by approximately 6%, equating to an annual saving of around £4,700 and 7 tonnes of CO₂.

In April, Solent hosted an environment, sustainability and wellbeing takeover of John Hansard Gallery to engage gallery visitors in sustainable fashion, textile upcycling and donut economics. In June, staff, students, and volunteers from the University's waste contract partner took part in a million mile beach clean from Warsash Maritime School, collecting 30kg of litter along the Hamble River and shoreline of Southampton Water.

At the beginning of the academic year, the University's catering contract partner, Sodexo, introduced a freshly cooked-to-order catering service on campus, supported by its new online food ordering app. This has resulted in a 75% reduction compared to 2018/19 in the food waste generated from the preparation and cooking of meals and from leftovers and plate waste, and avoided over 150kg of greenhouse gas emissions (CO₂e). The initiative has been shortlisted for a national Green Gown Award, which recognises excellence in environmental sustainability in tertiary education.

The annual student switch-off (SSO) energy saving campaign in Solent's residences saw students again taking actions to reduce their energy use and carbon footprint. During the campaign, the residences reduced their energy

Estates strategy



2021/22 saw the first significant steps towards the delivery of the estates strategy, which sets out clear principles and a framework for consolidation of activities onto the main East Park Terrace campus, and the remodelling and repurposing existing space to support student growth and further enhance the staff and student experience.

Capital refurbishment projects

The Andrews building became a key focus of activity during the year, as a critical accelerator to the realisation of many of the principles of the estates strategy. The first floor of Andrews has been transformed from a sparsely occupied, low quality, tired, workspace for a relatively small number of professional service departments into a high quality, open-plan professional services hub. The design has enabled the co-location of teams from eight professional services into a collaborative environment, with modern designs and furniture to create multi-functional individual, group and team spaces that compliment Solent's new ways of working – yet providing important quiet and private workspaces that recognise and reflect the varied nature of work undertaken by the teams.

The new working environments have been well received by staff and workplace champions, and will form the blueprint for future workplace designs.

In line with the Estates Strategy, work started on remodelling existing space to create a state of the art studio for students together with teaching and learning facilities. These new Creative Industry facilities will create a vibrant and collaborative environment, bringing the students onto the main campus from an externally leased building.

The University is pressing ahead with the repurposing of space on Millais (JM) level one and level two, and to the rear of the Spark Atrium. During the summer of 2022, this resulted in Solent Creatives and Solent Futures relocating into purpose-designed spaces on level one adjacent to the Spark Atrium, incorporating sensory and multi-faith rooms, student consultation rooms and staff workspaces. Aligned with a new target operating model for the student experience team, and with the therapy and mental health teams in close proximity, the final piece of the jigsaw will see the Student Hub moving from the Andrews concourse to a central and prominent position in the Spark Atrium.



This will realise the ambition of creating a student centric 'village' space accessible from the Spark, allowing students for the first time to have the primary student support and wellbeing teams – including the Students' Union - in a central, prominent, accessible location.

Planning for future phases of the strategy are already taking shape – including feasibility and design works for the Institute of Technology facilities, investment into additional nursing simulation ward and biomedical laboratories, a Bloomberg suite and business innovation hub – all strategic priorities identified by faculties and schools as part of the planning cycle.

Asset disposals

Solent is progressing with both the disposal of the upper site land sale at Warsash, and the project to divest the freehold residential assets. The sale of the upper site land is on track to complete within the 2022/23 financial year, subject to planning consent being given. A decision is anticipated at the January 2023 planning committee meeting.

The residential assets were marketed in the summer of 2022, with a strong list of potential investors submitting expressions of interest – most of whom have declared an interest in the purchase of the full portfolio, with the premise of a partnership arrangement with Solent.

In July 2021 the University sold mothballed Sir James Matthews, achieving a value of £5.5m. As part of the transaction, Solent has retained access to specialist performance spaces for the next 3 academic years at no cost.

Estates strategy continued



COVID

Estates and Facilities continued to take a lead on ensuring compliance with the evolving government COVID guidance. Initially, this encompassed the relaxation of legal duties on social contact and the 'winter plan', followed by measures linked to the spread of the Omicron variant – with the reintroduction of face coverings in indoor spaces – and then further iteration as the peak of Omicron subsided in early 2022. Throughout the period, Estates and Facilities continually updated its risk assessment, maintained support regimes for residential students, provided enhanced cleaning, fresh air ventilation and actively monitored CO2 levels in enclosed spaces. Colleagues from Estates and Facilities represented Solent on the city-wide health protection board and university oversight group, ensuring close collaboration and engagement as guidance was further relaxed during 2022.

Carbon and energy management

During 2021/22 Solent benefited from its membership of The Energy Consortium (TEC) and, along with c150 HEIs, has taken advantage of 'fixed' rates for electricity and gas at a substantially lower rate than wholesale prices. The fixed rates extend to March 2023 and are lower than the cap recently set by government for UK businesses.

Solent has appointed a consultant to lead on the development of its carbon management plan. This will progress through 2022/23 with completion of the plan towards the middle of 2023.

Our place in the world



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

Our strategy's framework has enabled us to implement a holistic, cross-Solent University approach that centres on our commitment to delivering quality international recruitment practices to attract the best international students. We are committed to increasing our recruitment of international students and to promoting our reputation as a successful recruiter of international students and a quality international education provider.

Our work in relation to delivering recruitment practices has involved a repositioning of our relationship with agents, including a quality auditing process to ensure high standards of applicants and greater student success. We have focused on our unique degree programmes to develop relationships with high-ranking educational institutions worldwide. We have opened new recruitment channels through the development of partnerships in countries including Canada, Nigeria, Ghana, Kenya, and Sri Lanka. This enables students in our partner universities to progress to a range of Solent programmes including law, maritime and media.

The transition of the European market into an international market following Brexit has created significant challenges for Solent University. Traditionally we maintained healthy market share in Europe, however our reliance on EU market economies with lower GDP, coupled with the loss of UK student loans for European students and the introduction of Tier 4 study visas, has resulted in a drop in the number

of EU applicants and a loss of market share. Through the analysis of focused market intelligence, we have targeted a portfolio of EU/EEA country markets where we believe we can be competitive, and which we believe will transition sustainably to international markets.

Like all UK universities, Solent University has been challenged by the COVID-19 pandemic, both in sending staff and students outbound into international markets and in welcoming international students onto campus. International and academic staff travel did not fully resume until April 2022. Solent managed to visit 15 countries by the close of the 2022 recruitment cycle, engaging both key partners and agency representatives and delivering over 50 targeted activities.

We have implemented a variety of robust measures to reduce our exposure to market risk by attracting international students from a diversity of country markets, and onto a diversity of degree programmes across our academic portfolio. With the onboarding of a new recruitment partner, who are based overseas and are responsible for recruitment channels in 13 key markets, Solent's market penetration and diversity will continue to grow.

Recruitment in January 2022 saw a very strong return on applications for Solent University across key internationally-focused postgraduate programmes. Student enrolments for January 2022 virtually returned to post pandemic levels, with our Global MBA and MSc Applied AI and Data Science showing the highest levels of recruitment.

Our work in developing relationships with global institutions has been strengthened by our involvement in the new Turing Fund for outward UK student mobility. Working with our global partners, we have been able to attract funding for 54 global study opportunities for our UK students.

A pioneering new research centre exploring maritime autonomy was launched at Warsash Maritime School (WMS), with government and private sector delegates from education and maritime attending the launch event of the new Warsash Maritime Autonomous Surface Ships (MASS) Research Centre (WMRC). Solent's WMS continues to have one of the most comprehensive offers in maritime education and training, including the largest maritime simulation centre in the UK and one of just a handful of manned-model ship handling centres worldwide, which continue to serve our global community with world-class education and training.



The International advice team continue to support students on their journey with us at Solent, providing information, advice and guidance on a range of issues including visa and immigration, life in the UK, employment and any questions prior to arriving in the UK to study. International ambassadors are on hand to provide support and unique insight on life as a student at Solent, drawing on their own experiences. Dedicated international welcome days continue to be allocated prior to new intakes to help assist our students to complete registration and settle into the University.

Despite the international challenges for recruitment in the last two years, we are repositioning Solent University as a globally competitive institution, delivering quality education and a first-class international student experience. We have used our Solent University brand 'Work Ready, World Ready, Future Ready' extensively in our international marketing this year. Moving into 2022/23 we will "Make Waves" by bringing a new vibrant Solent University brand to a global market.

Our strategic priorities are to increase international recruitment, compliance with UKVI requirements, reduce our exposure to market risk through diversified recruitment and to provide a first-class student experience for international students.

A pioneering new research centre exploring maritime autonomy was launched at Warsash Maritime School (WMS)

Financial review for the year ended 31 July 2022

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 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 onto Solent undergraduate courses.

Financial review

Financial key performance indicators (KPIs)

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

Key Financial Performance Indicator	Criteria	Outcome for 2021–2022	Outcome for 2020–2021
Net cash inflow from operating activities as a percentage of Income	Rolling 3-year average of 9-11%	10.0%	11.2%

The rolling three-year average KPI is within the target range because of the surplus generated in 2020-21.

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

Performance Indicator	Criteria	Outcome for 2021–2022	Outcome for 2020–2021
Annual (Deficit)/surplus (after tax and FRS102 pension costs)	At least 3% of income	(5.3)%	0.3%
Staff costs as a percentage of income	Not to exceed 53% by 2023-24	53.8%	52.2%

Details of the University's financial performance in 2021/22 are provided under Results for the year on page 37.

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

Results for the year

The University's results are summarised in the financial highlights on page 6.

The University has delivered an operating surplus for the financial year 2021/22 of £0.6 million with a deficit of £5.5 million after FRS102 pension costs (2020/21: surplus of £0.3 million after FRS102 pensions costs). The impact of Covid-19 and Brexit resulted in lower than anticipated student numbers. The University took actions to mitigate the financial impact and control cost.

Total income has decreased by £9.0 million (7.9%) to £103.6 million primarily because of the decrease in tuition fees and education contracts.

Funding body grants were higher by £0.6 million (6.8%) to £7.7 million, with half being received from the Office for Students (OfS). The OfS recurrent grant for 2021/22 totalled £4.1 million, representing a decrease of £0.2 million (3.9%) from 2020/21, 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 £2.4 million, in line with the previous year (2020/21: £2.3 million). The University has seen a continuous decrease year on year of the OfS recurrent grant.

Also included in the funding body grants is £1.4 million from the Higher Education Innovation Funding, which supports knowledge exchange, and £1.1 million funding from the Higher Technical Education Provider Growth Fund to support the University's development of new higher technical provision.

Tuition fees decreased by £11.1 million (11.6%) to £85.0 million because of lower home and overseas student income. Included in the home tuition fee is partnership income (2021/22: £10.0 million, 2020/21: £8.9 million) which has a corresponding cost in Other Operating Expenditure.

Other operating income increased by £2.4 million (29.2%) to £10.5 million, due to higher accommodation fees in 2021/22 as occupancy increased following COVID-19.

Overall total expenditure decreased by £3.6 million (3.2%) to £109.0 million as the University continued to control costs.

Staff costs decreased by £3.0 million (5.1%) to £55.8 million, which is attributable to a reduction in staff numbers. Redundancy costs were lower compared to the prior year, £0.5 million compared to £1.9 million. FRS102 pensions costs remained constant at £4.3 million compared to £4.2 million in 2020/21, detailed in the pensions section below.

Other operating expenditure includes QAHE partnership costs of £8.6 million, compared to £7.8 million in 2020/21.

Investments and cash reserves

Overall investments and cash reserves have increased by £7.4 million, which is due to a positive cash flow from operating activities because of the mitigation actions the University has taken. Details of the Net cash inflow from operating activities are given under Cash flow below.

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

Cash flow

The financial highlights on page 6 show that the University generated a net cash inflow from operating activities of £11.3 million, £5.0 million lower than the previous year. This represents 11.0% 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 £5.5 million in 2021/22, compared to a surplus of £0.3 million in the previous year.
- An increase in debtors for 2021/22 compared to 2020/21. The University continued to focus and adapt its debt recovery strategy, ensuring that the collection of outstanding debt remains a priority.
- An increase in creditors compared to 2020/21 has an impact on net cash inflow. Underlying trade creditors and deferred income are higher than in 2020/21, as University activities return to similar levels as COVID-19 restrictions were lifted.

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 of 31 July 2022 is £7.2 million and will be repaid by July 2026.

The University also has two loans with Lloyds Bank, secured against the Spark building. As of 31 July 2022, the amounts outstanding were £17.3 million and £7.6 million. The loans terminate on their fifth anniversary in July and October 2023. During 2021-22, the University concluded its refinance exercise, ahead of the current facilities expiring (detailed in Note 26). The University also has a £10 million revolving credit facility with Lloyds, which was undrawn during the year (see note 17).

The University has an additional £15 million revolving credit facility with Barclays Bank which terminates in July 2025. This facility was undrawn during the year.

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

Post balance sheet events

As part of the refinancing exercise, the University agreed new terms on their outstanding bank facilities.

An amended and restated credit facility was agreed with Lloyds Bank which in quantum equates to the existing facility. Under the amended facility the split between term loan and RCF will be:

Type	Existing structure	New structure
Term Loan	£26m	£17m
RCF	£10m	£18m

The term loan is for a five-year period and will terminate in 2027/28. The amount on termination date is expected to be £11.25m. The RCF facility is for 3 year period until 2026 with the option to extended twice by one year.

The Lloyds Bank facility is secured against The Spark and The Sports Building.

The University has two hedges in place against the existing facilities in line with the original repayment schedule. As part of the amended and restated facility the University will keep the hedges and shorten up one of the hedges to better align it to the RCF facility.

The amendment to the Barclays Bank facility extends the RCF by an additional year to 2026 and includes amended covenants. Security against this facility remains unchanged.

The Board approved the amended and restated credit facility with Lloyds and the amendment to the Barclays facility on 6th December 2022.

Financial plan

The 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.
- Ensure financial risks are communicated and managed appropriately.

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

Future outlook and going concern

Alongside other HE institutions, the political and economic environment remains challenging for Solent University, with the impact of the COVID-19 continuing to shape the financial planning.

Throughout the year, the University continued to focus on student recruitment growth through the Solent Future Ready (SFR) project. In January, the University saw above target PGT recruitment and domestic undergraduate applications and confirmations increased for the first time in five years. The work will continue in the current and future years, aiming to ensure a financially sustainable business model for the next five years and beyond.

The political context for universities remains challenging, with many changes to the regulatory framework. The response to the Augar Review saw tuition fees capped at £9,250 until 2025, representing a real-term cut to universities income. The outcomes of the consultations on the introduction of minimum entry standards to Higher Education and Student Number Controls will further shape the political landscape and operating context for the University and the sector.

The University's Transformation Academy has continued to build on the positive changes made during the pandemic. A newly developed pedagogy has been based on a mix of

collaborative, directed and guided learning, an approach that retains elements of online learning utilising innovative materials developed during Covid restrictions, alongside face-to-face delivery and has proved very successful throughout the year.

The 2022-23 budget and medium-term financial plans recognise the need to ensure that the University's cost base is affordable. The University will continue to take action to control costs so that as it delivers future income growth it also gradually increases the surplus in current and future years to allow future investments and to build resilience.

The unpredictable political and economic environment continues to generate a level of uncertainty in the University's forecasting. To eliminate short-term financial risks, the University, has continued to review its financial plan and stress tested various scenarios. The University continued the refinancing exercise ahead of its current facilities expiring in 2023 and 2025.

To justify preparing the financial statements on a going concern basis the University has:

- Stress tested its financial plans based on a range of student number levels for 2022-23 and material other variables impacting income and costs.
- Reviewed the impact of the different scenarios on the cash flow forecasts.
- Considered the undrawn credit facilities that are available to the University (£25m).
- Presented and discussed these financial scenarios to the University Board of Governors.
- Modelled covenants and secured covenant resets from its banks to provide additional headroom around potential downside scenarios after considering the nature and extent of the uncertainties identified.
- Through a combination of a review of financial plans based on known and likely recruitment levels for 2022-23, future covenant modelling, together with resets and waivers for 31 July 2022, the refinancing exercise 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

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, while at the same time aiming to achieve the best possible return

on its investment. The overriding 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 has two hedges in place with fixed rates of 0.914% and 1.814%, to mitigate the risk of the increase in interest rates (Note 18, page 74). The hedges have maturity dates of 2034 and 2039 in line with the loan amortisation schedule.

The University's treasury management policy is in line with CIFPA 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 57-60.

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 administered by Aviva, the Solent Pension Plan, is also available to all University staff.

The disclosure notes on pages 75 to 79 relate primarily to the HCCLGPS and unfunded obligations. The latest actuarial valuation of the fund took place as of 31 March 2019 and was updated by Aon Hewitt Limited, as actuaries appointed by Hampshire County Council, to assess the University's share of assets and liabilities of the scheme as of 31 July 2022.

The University's share of the deficit in the HCCLGPS has decreased by 79.0% to £20.6 million as of 31 July 2022 (2020/21: £98.5 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 2021/22 is 3.4% compared to 1.7% in 2020/21, resulting in a decrease in liabilities. This significant change offset the lower-than-expected return on assets.

There has also been a change to the mortality assumptions to allow for the effect of Covid-19 on future mortality rates.

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 continued to adopt an analysis process which identifies the top institutional risks as identified by the Vice Chancellor's group (VCG) and considers the 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, with differences considered by RMG.

As Solent is 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 are closely monitored, with faculties and services considering operational risks 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 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 under way, 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 Financial Officer provides a direct link with VCG in reviewing all levels of risk across the University.

With uncertainty to changes in government policy, funding and inflationary pressures on operating costs and pensions the risk to financial stability across the education sector remains high. The University has reviewed its financial stability and developed a financial plan to mitigate the

identifiable risks, as detailed in the future outlook and going concern section (page 38).

In line with other institutions, cybersecurity continues to be a risk to the University as it adopts a blended approach of working and learning remotely. The University is continuously working to implement measures and response plans which augment our existing controls to further manage the risk of cybersecurity, acknowledging that the risk can only be mitigated.

Creditor payment policy

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



Statement of public benefit

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

The University's mission and vision (detailed on page 9) are translated into the University's strategic plan, 'Solent Future Ready 2020-25'. It is this strategy which enables the University to fulfil its charitable objectives.

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



Corporate governance

List of governors 2021/22

Governor	Type	Attendance at Board Meetings
Winston Alla (joined 18 July 2022)	Student Governor	1/1
Louise Bennett (was O'Donoghue)	Staff Governor	3/4
Stephen Bolton	Independent Governor and Vice Chair	4/4
Dr Janet Bonar	Staff Governor	3/4
Phil Cotton	Independent Governor and Chair	4/4
Paul Cox	Co-opted Governor	4/4
Philip de Klerk	Independent Governor	3/4
Nigel Duncan OBE	Independent Governor	3/4
Susan Elliott (was Macpherson)	Independent Governor	3/4
Jennifer Glastonbury	Independent Governor	4/4
Neil Hayward	Independent Governor	3/4
Councillor Alex Houghton	Co-opted Governor	4/4
Donald Iro	Independent Governor	3/4
Vaios Koukouletsos (left 15 July 2022)	Student Governor	2/3
Dame Professor Julie Lydon	Independent Governor	4/4
Sharath Ranjan	Independent Governor	3/4
Lena Samuels (left 31 December 2021)	Independent Governor	1/4
Professor Karen Stanton	Vice-Chancellor and Governor	4/4
Philip Wake OBE RD	Independent Governor	2/4
Bridget Woolven	Clerk to the Governors	4/4

Educational purpose

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

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

The University's undergraduate and postgraduate students are the prime beneficiaries of the University's activities and are directly engaged in learning or research. In the 2021/22 academic year, the University enrolled students from the UK, EU and overseas on full and part time programmes at all levels from HND and foundation degree to PhD. The quality of the University's teaching and the positive student experience is reflected in its continuing success in the National Student Survey (NSS).

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

Corporate governance statement

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

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

The institution is independent, established as a higher education corporation under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. Its objects, powers and framework of governance are set out in the instrument, the latest version of which was approved by the Privy Council in 2017, and Articles of Government (latest version dated 2020).

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

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

The board complies with the Committee of University Chairs (CUC) HE Code of Governance (2020) and has adopted the statement of primary responsibilities as set out by the CUC in appendix 1 of the code, namely:

- To set and agree the mission, strategic vision, and values of the institution with the executive.
- To agree long-term academic and business plans and key performance indicators and ensure that these meet

the interests of stakeholders, especially staff, students, and alumni.

- To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the strategy, plans and key.
- Performance indicators, which are, where possible and appropriate, benchmarked against other comparable institutions.
- To delegate authority to the head of institution for the academic, corporate, financial, estate and human resource management of the institution, and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of institution.
- To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, risk assessment, value for money arrangements and procedures for handling internal grievances and managing conflicts of interest.
- 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 HE 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 institution as chief executive and to put in place suitable arrangements for monitoring their performance.
- To appoint a secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
- To be the employing authority for all staff in the institution and to be accountable for ensuring that an appropriate human resources strategy is established.
- To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall accountability for the institution's assets, property, and estate.

- To be the institution's legal authority and, as such, to ensure systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name. This includes accountability for health, safety, and security and for equality, diversity, and inclusion.
- 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 always followed, and that appropriate advice is available to enable this to happen.
- To promote a culture which supports inclusivity and diversity across the institution.
- To maintain and protect the principles of academic freedom and freedom of speech legislation.
- To ensure that all students and staff have opportunities to engage with the governance and management of the institution.

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

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

The Board of Governors adopted and published an equality and diversity policy in respect of its own membership in April 2015. During 2021/22 the Board comprised a one-third ratio in female/male governors, with one-sixth of members of non-white ethnicity.

Before joining the Board, all members are required to provide a satisfactory fit and proper person declaration in accordance with public interest governance principles.

In accordance with the articles of government, the University has appointed a Clerk to the Board. The Clerk provides independent advice on matters of governance to all Board members. Board members have no financial interest in the corporation and receive no remuneration from the University in respect of their duties as governors

other than reimbursement of reasonable expenses for travelling and subsistence.

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

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

Resources Committee

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

Audit Committee

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

It reviews and recommends the annual financial statements to the Board and considers arrangements that are in place to promote economy, efficiency and effectiveness, and for

the management and quality assurance of data submitted to the Office for Students (OfS) and the other funding bodies; receives and considers reports from OfS as they affect the University's business, and monitors compliance with the regulatory requirements; oversees the institution's policy on fraud and irregularity, and on reporting serious and reportable incidents, and whistleblowing; and ensures that all significant losses have been properly investigated and reported.

The membership of the Audit Committee during 2021-22 is given below:

Name	Occupation	Qualification
Philip de Klerk	Group Chief Financial Officer, Europcar Mobility Group	Masters, Business Economics. Master of Law
Donald Iro	Group CEO, Allteks Ltd	BEng (Hons) Electronic Engineering
Paul Cox	Principal and CEO of Eastleigh College	ILM Level 5 PGCE Physical Education BSc Sports and Exercise Science
Harry Mears	Head of Social Housing, KPMG	MA, ACA
Lena Samuels Until 31 Dec 2021	Communications Adviser, Director, WMG	Masters English Lit, Diploma in Public Affairs (CIPR)

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 2022 of the work of the Audit Committee, members were satisfied that the Committee had discharged its duties in accordance with its terms of reference.

Governance Committee

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

The Governance Committee also reviews the University's governing instruments 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's Chancellor and Vice-Chancellor.

Remuneration Committees: senior leadership team and Vice-Chancellor

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

Solent University has adopted the CUC's HE Senior Staff Remuneration Code which was published in 2021.

Solent Future Ready (SFR)

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.

During 2021/22, the Board received reports of progress against the strategic plan, from the Solent future ready (SFR) Governance Board, chaired by the Deputy Vice-Chancellor (Resources) together with key performance indicators. In addition, an SFR task force was formed comprising the Vice-Chancellor, DVC, and three independent governors, including the Chair of Audit Committee and Chair of Remuneration Committee.

The purpose of the task force was to discuss the transformation to deliver strategy 20-25 with an initial focus on the SFR phase 2 programme of work and to review the current set of priorities 'better brand, better operations, better offer' and 'people and culture' in the context of the delivery of 'business as usual' and external challenges.

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.

Approved by the Board of Governors on 19 December 2022

And signed on its behalf by:



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



Professor Karen Stanton, Vice-Chancellor

Responsibilities of the University 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 (SORP): Accounting for Further and Higher Education 2019; 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.

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 control

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, while 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 LLP, 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 LLP 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' principal 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.
- 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.

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. To provide the opinion, the Committee seeks and assesses information and evidence from management and auditors during 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 system of key performance and risk indicators has been developed.
- A robust risk prioritisation methodology based on risk ranking and cost-benefit analysis has been established.
- A University-wide risk register is maintained.
- Reports are received from budget holders, department heads and project managers on internal control activities.

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

In February 2022, Audit Committee approved the award of the internal audit contract to PwC for a period of two years to 31 July 2024 with three optional one-year extensions to July 2027. PwC has been the University's internal auditor since August 2019.

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 LLP as the University's external auditors for a further four-year period from 1 August 2019. BDO LLP 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.

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

In May 2022, our annual Prevent accountability and data return for the academic year 2020/21 was approved by the OfS in May without requirement for further scrutiny.

Review of effectiveness of governance arrangements

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

An effectiveness review was conducted during the summer of 2022 by AdvanceHE. The main purpose of the review was to assess the quality of factors required for effective governance, namely: structures and processes, effective membership, communication and information, and academic assurance. Via observation at meetings, it also sought feedback on the quality of working relationships and Boardroom behaviour.

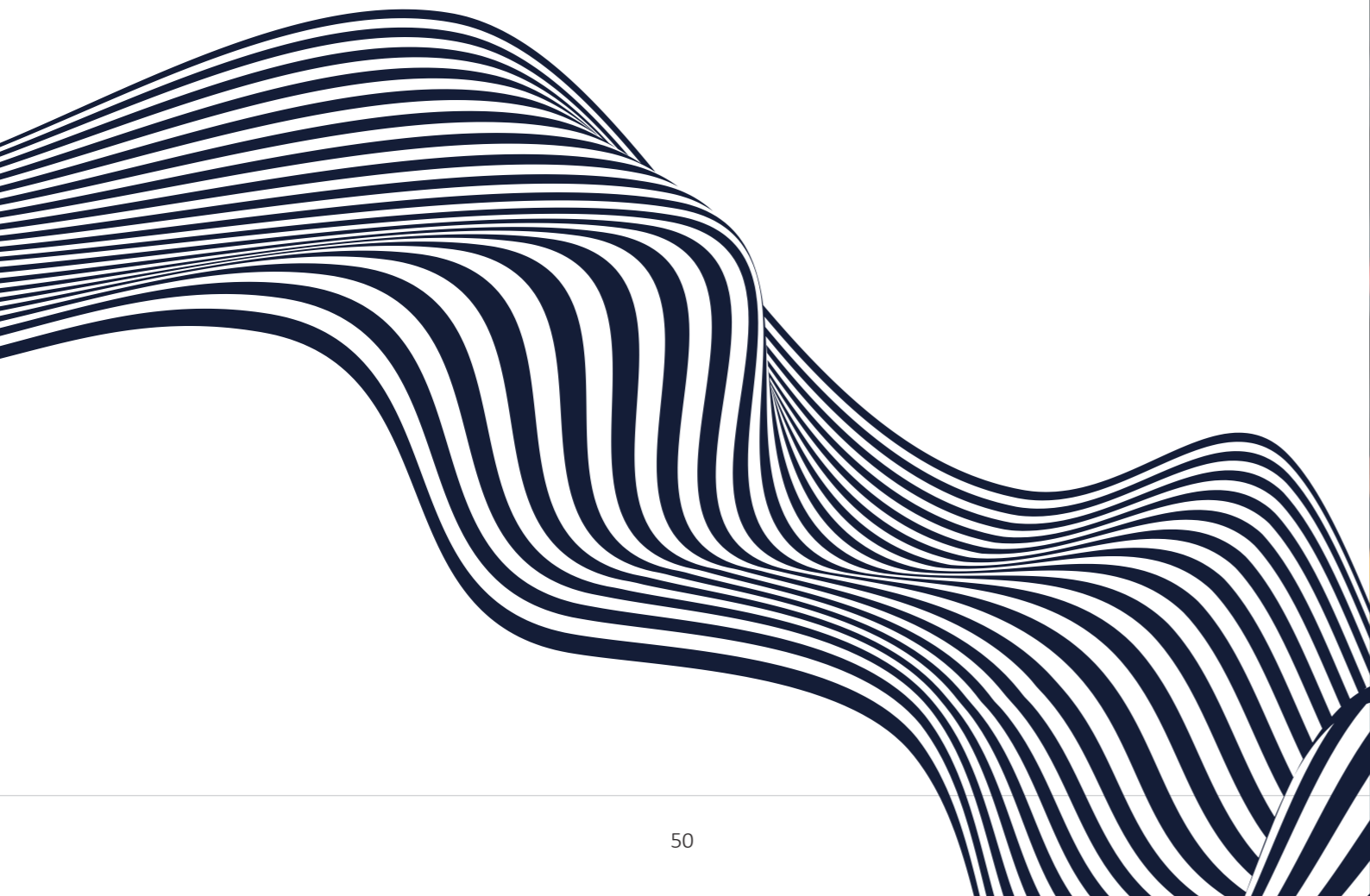
The results were very positive and demonstrated that Solent was performing above the sector benchmark in 9/10 areas and confirmed a high level of confidence in the effectiveness of Solent University's current governance arrangements, communication, and relationships.

Recommendations for enhancement of governance effectiveness were agreed by Governance Committee on 8 November and put forward for Board approval on 6 December. A regular report on progress will be presented to both Governance Committee.

Approved by the Board of Governors on 19 December 2022 and signed on its behalf by:



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





Independent Auditor's Report

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2022 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the Group's and the University's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of Solent University ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2022 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

The University's Board of Governors is responsible for the other information. The 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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters required by the Office for Students (“OfS”) and Research England

In our opinion, in all material respects:

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

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

- The University’s grant and fee income, as disclosed in note 2 to the accounts, has been materially misstated.
- The University’s expenditure on access and participation activities for the financial year, as has been disclosed in note 29 to the accounts, has been materially misstated.

Responsibilities of the University’s Board of Governors

As explained more fully in the University’s Board of Governors responsibilities statement set out on page 48 - 50, the members of the governing body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the University’s Board of Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements,

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

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

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

Use of our report

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

DocuSigned by:

David I Anson

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**David I’Anson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton**

19 December 2022

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



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, the political and economic environment remains challenging for Solent University, with the impact of the COVID-19 continuing to shape the financial planning.

The indirect impact of COVID-19 continues to affect the University financial position, and casts uncertainty on the University's forecasting. The areas of uncertainty include the risks associated with student recruitment, both home and international. The other major risk is related to the political context with many changes to the regulatory framework, impacting the higher education sector as a whole.

Last year, in order to mitigate short-term financial risks, the University reviewed its financial plan for the period up to and including the 2022/23 academic year and stress-tested various scenarios and future covenants. The University concluded its refinancing exercise ahead of its current facilities expiring in 2023 and 2025.

Although the executive and Board of Governors were of the view that the financial forecast approved in February 2022 could be delivered within its existing facilities, under certain downside scenarios the University could have breached some of its annual bank covenants at the end of July 2022.

As a response to the potential impact on covenants of these scenarios, agreement was reached with all the University's banks to either reset or waive the potentially affected covenants when next measured at 31 July 2022, providing additional headroom should it be required.

Through a combination of a review of financial plans based on recruitment levels for 2022/23, cash flow forecast, stress test and covenant resets and waivers for 31 July 2022, together with the refinancing of its existing debt, the executive and the Board of Governors consider that Solent University has adequate resources to justify preparing the financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2022. 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 income and expenditure 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 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 (VAT). 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 schemes 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 insignificant risk of change in value.

Foreign currencies

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty:

i. Tangible fixed assets (see note 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)

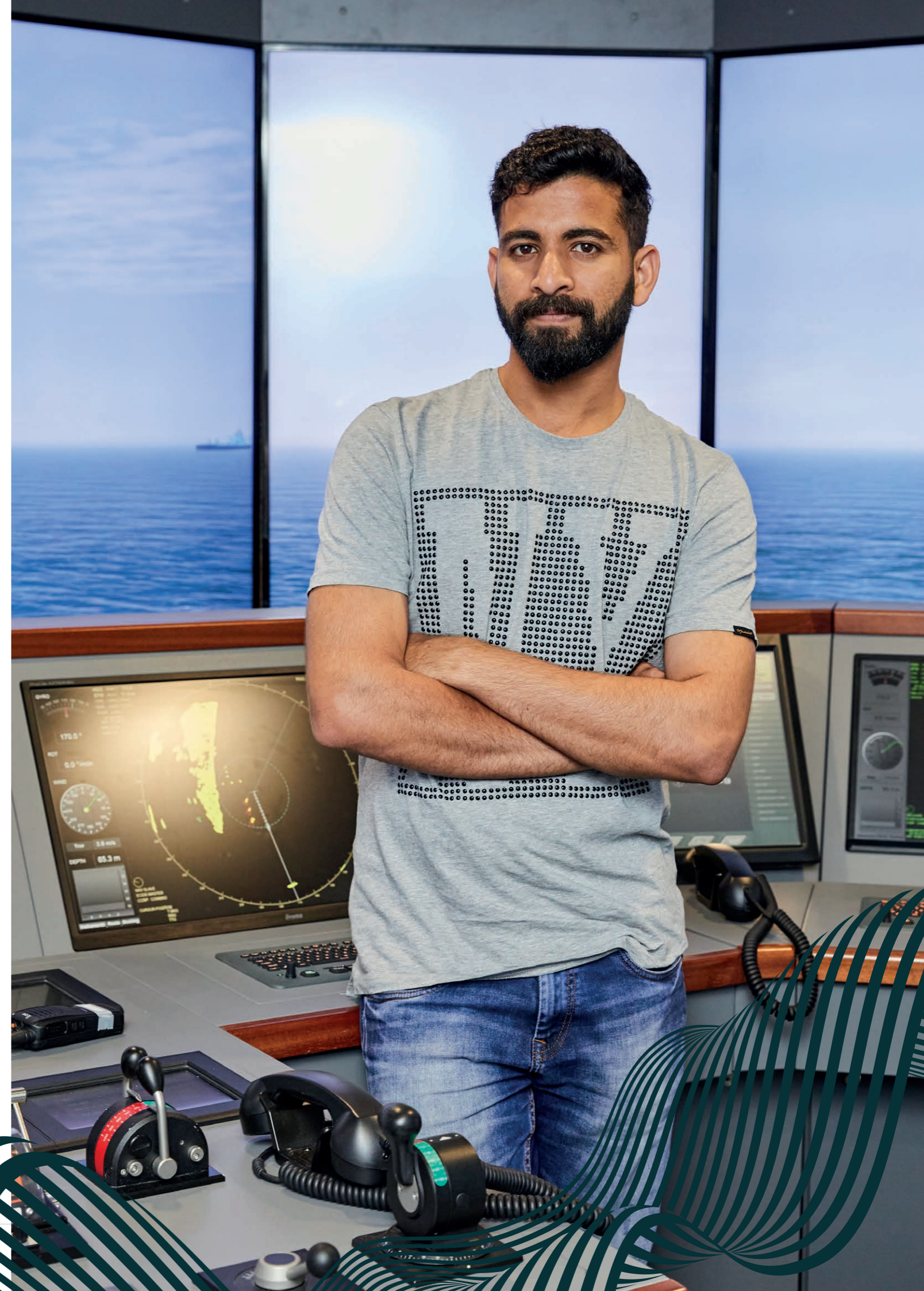
The most critical estimates, assumptions and judgements relate to the determination of carrying value of unlisted investments. In determining this amount, the group applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in 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 and University statement of comprehensive income and expenditure
year ended 31 July 2022

	Notes	Consolidated		University	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
INCOME					
Tuition fees and education contracts	1	84,915	96,036	83,029	94,655
Funding body grants	2	7,710	8,270	7,710	8,270
Research grants and contracts	3	397	170	397	170
Other income	5	10,500	8,124	11,315	8,476
Investment income	6	32	5	31	5
Donations and endowments	7	60	30	60	30
Total income		103,614	112,635	102,542	111,606
EXPENDITURE					
Staff costs	8	55,773	58,764	50,116	55,681
Other operating expenses		41,042	41,573	45,978	43,679
Depreciation	12	9,102	9,101	8,917	8,914
Interest and other finance costs	9	3,024	3,066	3,024	3,066
Total expenditure	10	108,941	112,504	108,035	111,340
(Loss)/Surplus before other (losses)/gains		(5,327)	131	(5,493)	266
Loss on disposal of fixed assets		(242)	-	(242)	-
Gain on investments		20	207	20	207
(Loss)/Surplus before tax		(5,549)	338	(5,715)	473
Taxation	11	-	-	-	-
(Loss)/Surplus for the year		(5,549)	338	(5,715)	473
Other comprehensive expenditure					
Actuarial Gain in respect of pension schemes	19	83,620	18,526	83,620	18,526
Fair value Gain in respect of cash flow hedge		3,029	1,526	3,029	1,526
Total comprehensive Income for the year		81,100	20,390	80,934	20,525
Represented by:					
Endowment comprehensive income for the year		-	-	-	-
Restricted comprehensive income for the year		50	237	50	237
Unrestricted comprehensive income for the year		81,050	20,153	80,884	20,288
Gain attributable to the University		81,100	20,390	80,934	20,525

Consolidated and University statement of changes in reserves year ended 31 July 2022

Consolidated	Restricted	Unrestricted	Total
	£'000	£'000	£'000
Balance at 1 August 2020	1,177	31,725	32,902
Surplus from the I & E statement	237	101	338
Other comprehensive income	-	20,052	20,052
Transfer of funds	(58)	58	-
Total comprehensive Income	179	20,211	20,390
Balance at 1 August 2021	1,356	51,936	53,292
Surplus/(Deficit) from the I & E statement	50	(5,599)	(5,549)
Other comprehensive income	-	86,649	86,649
Transfer of funds	-	-	-
Total comprehensive Income	50	81,050	81,100
Balance at 31 July 2022	1,406	132,986	134,392
University			
	Restricted	Unrestricted	Total
	£'000	£'000	£'000
Balance at 1 August 2020	1,177	31,713	32,890
Surplus from the I & E statement	237	236	473
Other comprehensive income	-	20,051	20,051
Transfer of funds	(58)	58	-
Total comprehensive Income	179	20,345	20,524
Balance at 1 August 2021	1,356	52,058	53,414
Surplus/(Deficit) from the I & E statement	50	(5,765)	(5,715)
Other comprehensive income	-	86,649	86,649
Transfer of funds	-	-	-
Total comprehensive Income	50	80,884	80,934
Balance at 31 July 2022	1,406	132,942	134,348

Consolidated and University balance sheet as at 31 July

Consolidated cash flow statement year ended 31 July

	Notes	Consolidated		University	
		2022	2021	2022	2021
		£'000	£'000	£'000	£'000
Non-current assets					
Fixed assets	12	165,012	174,966	162,386	172,152
Investments	13	49	53	3,100	3,104
Interest rate swap-cash flow hedge		1,047	-	1,047	-
		<u>166,108</u>	<u>175,019</u>	<u>166,533</u>	<u>175,256</u>
Current assets					
Trade and other receivables	14	13,887	9,562	13,472	9,317
Current investments	15	1,341	1,322	1,341	1,322
Cash and cash equivalents		33,758	26,382	32,818	25,307
		<u>48,986</u>	<u>37,266</u>	<u>47,631</u>	<u>35,946</u>
Less creditors falling due within one year	16	(28,877)	(23,907)	(27,991)	(22,701)
Net current assets		<u>20,109</u>	<u>13,359</u>	<u>19,640</u>	<u>13,245</u>
Total assets less current liabilities		<u>186,217</u>	<u>188,378</u>	<u>186,173</u>	<u>188,501</u>
Creditors: due after more than one year	17	(28,705)	(34,191)	(28,705)	(34,191)
Provisions					
Pension provisions	19	(20,780)	(98,503)	(20,780)	(98,503)
Other provisions	19	(2,340)	(2,393)	(2,340)	(2,393)
TOTAL NET ASSETS		<u>134,392</u>	<u>53,291</u>	<u>134,348</u>	<u>53,414</u>
Restricted Reserves					
I & E reserve - restricted reserve	20	1,406	1,356	1,406	1,356
Unrestricted Reserves					
I & E reserve - unrestricted		132,986	51,935	132,942	52,058
		<u>134,392</u>	<u>53,291</u>	<u>134,348</u>	<u>53,414</u>

	Notes	2022	2021
		£'000	£'000
Cash flow from operating activities			
(Deficit)/Surplus for the year before tax		(5,549)	338
Adjustment for non-cash items			
Depreciation	12	9,102	9,101
Gain on investments	20	(20)	(207)
(Increase)/Decrease in debtors	14	(4,325)	369
Increase in creditors	16	4,716	1,126
Pension cost less contribution payable	19	5,897	5,708
Decrease in other provisions	19	(53)	(792)
Adjustment for investing or financing activities			
Investment income	6	(32)	(5)
Interest payable	9	1,387	1,541
Loss on the sale of fixed assets		242	-
Capital Grant Income	2	(30)	(869)
Net cash inflow from operating activities		<u>11,335</u>	<u>16,310</u>
Cash flows from investing activities			
Proceeds from sales of fixed assets		5,500	-
Capital Grant Receipts		30	784
Investment income		36	5
Payments made to acquire fixed assets		(4,758)	(3,132)
		<u>808</u>	<u>(2,343)</u>
Cash flows from financing activities			
Interest paid		(1,384)	(1,535)
Interest element of finance lease		(3)	(6)
Repayments of amounts borrowed		(3,263)	(3,150)
Capital element of finance lease		(117)	(113)
		<u>(4,767)</u>	<u>(4,804)</u>
Increase in cash and cash equivalents in the year		<u>7,376</u>	<u>9,163</u>
Cash and cash equivalents at beginning of the year		26,382	17,219
Cash and cash equivalents at end of the year		33,758	26,382

These Financial Statements were approved and authorised for issue by the Board of Governors on 19 December 2022.



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



Professor Karen Stanton
Vice-Chancellor

The Notes on pages 66 to 83 form part of these Financial Statements.

Notes to the accounts for the year ended 31 July 2022

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
1. TUITION FEES AND EDUCATIONAL CONTRACTS				
Full-time home and EU students	64,175	74,003	64,175	74,003
Full-time international students	9,747	11,888	9,747	11,888
Part-time students	1,082	1,305	1,082	1,305
Non credit bearing course fees	6,375	4,945	5,184	4,582
Apprenticeship Fees	2,576	2,749	2,576	2,749
Other	960	1,146	265	128
	84,915	96,036	83,029	94,655
2. FUNDING BODY GRANTS				
Recurrent grant				
Office for Students	4,123	4,291	4,123	4,291
Further Education Funding	2	-	2	-
Research England	286	253	286	253
Capital grant	30	869	30	869
Special initiatives	3,269	2,857	3,269	2,857
	7,710	8,270	7,710	8,270
3. RESEARCH GRANTS AND CONTRACTS				
Research councils	25	38	25	38
Research charities	57	16	57	16
Government (UK and overseas)	66	105	66	105
Industry and commerce	2	-	2	-
Other	247	11	247	11
	397	170	397	170
4. THE SOURCE OF GRANT AND FEE INCOME, INCLUDED IN NOTES 1 TO 3 IS AS FOLLOWS:				
Grant income from the OfS	4,153	5,160	4,153	5,160
Grant income from other bodies	3,555	3,110	3,555	3,110
Fee income for taught awards (exclusive of VAT)	78,540	91,091	77,845	90,073
Fee income for research awards (exclusive of VAT)	397	170	397	170
Fee income from non-qualifying courses (exclusive of VAT)	6,375	4,945	5,184	4,582
Total grant and fee income	93,020	104,476	91,134	103,095

Notes to the accounts for the year ended 31 July 2022
continued

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
5. OTHER OPERATING INCOME				
Residences, catering and conferences	6,729	4,852	6,725	4,851
Other services rendered	1,859	1,399	1,360	1,166
Other income	1,912	1,873	3,230	2,459
	10,500	8,124	11,315	8,476
6. INVESTMENT INCOME				
Other investment income	32	5	31	5
	32	5	31	5
7. DONATIONS				
Donations with restrictions	60	30	60	30
	60	30	60	30
8. STAFF COSTS				
Salaries	38,188	39,783	33,481	37,130
Social security costs	4,320	4,055	3,867	3,846
Other pension costs	8,543	8,828	8,084	8,616
Movement on pension provision	4,260	4,183	4,260	4,183
Redundancy costs	462	1,915	424	1,906
Total	55,773	58,764	50,116	55,681
Redundancy staff numbers	25	109	25	109
Emoluments of Vice-Chancellor				
Salary	220,000	210,000	220,000	210,000
Total	220,000	210,000	220,000	210,000

8. STAFF COSTS (CONTINUED)

The remuneration of the Vice-Chancellor is set by the University's Remuneration Committee. The Remuneration Committee is chaired by an independent member of the Governing Body with four independent governor members (including the Chair of the Board of Governors) and one independent specialist. The committee framework for decision making considers guidance from the CUC HE Senior Staff Remuneration Code (November 2021) and the CUC HE Code of Governance September (2020).

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

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

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

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

	2022	2021
	No.	No.
Multiples for Vice-Chancellor Commenced Feb-20		
Basic pay	6.1	5.9
Total remuneration	5.6	5.6

Basic pay of other higher paid staff, including the Vice Chancellor

	2022	2021	2022	2021
	No.	No.	No.	No.
£100,000 to £104,999	-	2	-	2
£105,000 to £109,999	2	-	2	-
£110,000 to £114,999	2	2	2	2
£120,000 to £124,999	1	-	1	-
£130,000 to £134,999	1	1	1	1
£140,000 to £144,999	-	1	-	1
£210,000 to £214,999	-	1	-	1
£220,000 to £224,999	1	-	1	-
	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>

8. STAFF COSTS (CONTINUED)

	Consolidated		University	
	2022	2021	2022	2021
	FTE	FTE	FTE	FTE
Average staff numbers by major category:				
Academic Departments	505	534	494	527
Administration	254	249	162	193
Academic Services	162	158	126	138
Premises	39	44	34	39
Residences, Catering and Conferences	11	14	5	8
Research Grants and Contracts	2	7	1	7
	<u>973</u>	<u>1,006</u>	<u>822</u>	<u>912</u>

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	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
	1,917	1,887	1,917	1,887

9. INTEREST AND OTHER FINANCIAL COSTS

	Notes	Consolidated		University	
		2022	2021	2022	2021
		£'000	£'000	£'000	£'000
Loan interest		1,384	1,535	1,384	1,535
Finance lease interest		3	6	3	6
Net charge on pension scheme	19	1,637	1,525	1,637	1,525
		<u>3,024</u>	<u>3,066</u>	<u>3,024</u>	<u>3,066</u>

10. ANALYSIS OF TOTAL EXPENDITURE

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Other operating expenses include:				
External auditors in respect of audit services	76	62	61	55
External auditors in respect of non-audit services	20	22	11	13
Operating lease rentals:				
Land and buildings	1,490	1,299	1,490	1,299
Other	156	165	156	165

11. TAXATION

No corporation tax charge (2021: 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 2021	21,915	184,603	6,984	24,502	238,004
Additions	-	-	1,377	3,673	5,050
Transfers	-	5,436	(5,647)	211	-
Disposals	(1,000)	(11,324)	-	(3,932)	(16,256)
At 31 July 2022	20,915	178,715	2,714	24,454	226,798
Depreciation					
At 1 August 2021	-	47,845	-	15,193	63,038
Charge for the year	-	6,750	-	2,353	9,103
Disposals	-	(6,423)	-	(3,932)	(10,355)
At 31 July 2022	-	48,172	-	13,614	61,786
Net Book Value at 31 July 2022	20,915	130,543	2,714	10,840	165,012
Net Book Value at 31 July 2021	21,915	136,758	6,984	9,309	174,966

University	Freehold and Leasehold				
	Land	Building	Asset Under Construction	Equipment	Total
Cost	£'000	£'000	£'000	£'000	£'000
At 1 August 2021	21,595	182,076	6,984	23,430	234,085
Additions	-	-	1,166	3,884	5,050
Transfers	-	5,436	(5,436)	-	-
Disposals	(1,000)	(11,324)	-	(3,932)	(16,256)
At 31 July 2022	20,595	176,188	2,714	23,382	222,879
Depreciation					
At 1 August 2021	-	47,268	-	14,665	61,933
Charge for the year	-	6,700	-	2,215	8,915
Disposals	-	(6,423)	-	(3,932)	(10,355)
At 31 July 2022	-	47,545	-	12,948	60,493
Net Book Value at 31 July 2022	20,595	128,643	2,714	10,434	162,386
Net Book Value at 31 July 2021	21,595	134,808	6,984	8,765	172,152

Leased assets included above:	Land	Buildings	Asset Under Construction	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Net Book Value at 31 July 2022	712	-	-	199	911
Net Book Value at 31 July 2021	712	-	-	313	1,025

13. NON-CURRENT INVESTMENTS

Consolidated	Subsidiary companies	Other fixed assets investments	Total
	£'000	£'000	£'000
At 1 August 2021	-	53	53
Impairment	-	(4)	(4)
At 31 July 2022	-	49	49

University	Subsidiary companies	Other fixed assets investments	Total
	£'000	£'000	£'000
At 1 August 2021	3,051	53	3,104
Additions	-	-	-
Impairment	-	(4)	(4)
At 31 July 2022	3,051	49	3,100

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 (2021: £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 (2021: £0.5 million) of Solent University Services Limited, a company registered in England on the 19th July 2018.

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

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

Other Fixed Asset Investments	Consolidated and University
	£'000
HCB Holding Ltd	49
A not for profit bank, aimed at supporting the local economy	49

14. TRADE AND OTHER RECEIVABLES

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Research grant receivable	-	99	-	99
Trade receivables	9,101	4,059	8,384	3,923
Other receivables	3,055	3,831	1,920	2,664
Prepayments and accrued income	1,731	1,573	1,727	1,573
Amounts due from subsidiary companies	-	-	1,441	1,058
	<u>13,887</u>	<u>9,562</u>	<u>13,472</u>	<u>9,317</u>

15. CURRENT INVESTMENTS

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Short term investment in COIF Charities Investment Funds	1,341	1,322	1,341	1,322
	<u>1,341</u>	<u>1,322</u>	<u>1,341</u>	<u>1,322</u>

The investments are publicly traded and are valued at the year end at fair value through the income and expenditure. The investment re-invests all income. The unrealised gain was £19k (2021 £208k).

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Secured loans	3,386	3,263	3,386	3,263
Obligations under finance leases	120	117	120	117
Trade payables	13,005	8,285	12,928	8,206
Social security and other taxation payable	1,101	1,158	944	994
Salaries and wages	3,319	3,428	3,174	3,348
Accruals and deferred income	4,808	5,473	4,409	4,292
Other payables	3,138	2,183	2,386	2,138
Amounts due to subsidiary companies	-	-	644	343
	<u>28,877</u>	<u>23,907</u>	<u>27,991</u>	<u>22,701</u>

17. CREDITORS: DUE AFTER MORE THAN ONE YEAR

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Obligations under finance lease	-	120	-	120
Secured loans	28,705	32,091	28,705	32,091
Interest rate swap-cash flow hedge	-	1,980	-	1,980
Total creditors due after more than one year	<u>28,705</u>	<u>34,191</u>	<u>28,705</u>	<u>34,191</u>

Analysis of finance lease:

Due within one year or on demand (Note 16)	120	117	120	117
Due between one and two years	-	120	-	120
Due between two and five years	-	120	-	120
less: finance charges allocated to future years	-	-	-	-
Total obligations under finance lease	<u>120</u>	<u>237</u>	<u>120</u>	<u>237</u>

Analysis of secured and unsecured loans:

Due within one year or on demand (Note 16)	3,386	3,263	3,386	3,263
Due between one and two years	25,082	3,386	25,082	3,386
Due between two and five years	3,623	10,430	3,623	10,430
Due in five years or more	-	18,275	-	18,275
Due after more than one year	28,705	32,091	28,705	32,091
Total secured and unsecured loans	<u>32,091</u>	<u>35,354</u>	<u>32,091</u>	<u>35,354</u>

Secured loans amortised to 2023 and 2026

	32,091	35,354	32,091	35,354
	<u>32,091</u>	<u>35,354</u>	<u>32,091</u>	<u>35,354</u>

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	7,234	8,853	7,234	8,853
University	Lloyds Bank	2.414	2023	7,586	8,230	7,586	8,230
University	Lloyds Bank	2.414	2023	17,271	18,271	17,271	18,271
				<u>32,091</u>	<u>35,354</u>	<u>32,091</u>	<u>35,354</u>

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

The Lloyds Bank loans are secured by a first legal charge over The Spark. The University has an undrawn credit facility of £10m with Lloyds Bank. At the balance sheet date the loans were due to terminate in October 2023. Subsequent to the balance sheet date these loans were refinanced as detailed in Note 26.

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	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Financial assets that are debt instrument measured at amortised cost	45,914	34,371	44,563	33,051
Financial liabilities measured at amortised cost	(53,006)	(50,847)	(52,318)	(50,670)
Derivative financial instruments designated as hedges of variable interest rate risk	1,047	(1,980)	1,047	(1,980)

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

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

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

19. PROVISIONS FOR LIABILITIES AND CHARGES

	Consolidated and University				
	USS Pension	HCC Pension	Leasehold Dilapidation	Reorganisation	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2021	211	98,292	2,228	165	100,896
Utilised in year	-	-	-	(93)	(93)
Additions	-	-	336	-	336
Released in year	(34)	(77,689)	(233)	(63)	(78,019)
At 31 July 2022	177	20,603	2,331	9	23,120

Reorganisation provision

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

Leasehold Dilapidation provision

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

19. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Teachers' Pension Scheme

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

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

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

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

	2022	2021
	£000	£000
Contributions to Teachers' Pension Scheme	3,957	4,123

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

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

Hampshire County Council Local Government Pension Scheme

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

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

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

19. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Universities Superannuation Scheme

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

The 31 March 2020 valuation identified a funding shortfall of £37.4bn. A deficit recovery plan has been put in place which is expected to eliminate the shortfall by 31 March 2038. Employers contributions were 21.1% rising to 21.4% from 1 October 2021 and again to 21.6% from 1st April 2022.

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

	2021-22	2020-21
	£000	£000
Provision brought forward	211	307
Staff Costs	7	0
Interest Payable (Included in pension finance costs - note 9)	2	2
Contributions	(43)	(98)
Provision carried forward	177	211

The University has 4.9 FTE staff in the USS scheme and therefore it is deemed to be immaterial to the Universities financial statements. No further disclosures are included.

FRS 102

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

Date of last full actuarial valuation	31 March 2019
Expected employer contributions next year	£4.251m
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 2022	31 July 2021	31 July 2020
Discount Rate	3.40% pa	1.70% pa	2.20% pa
CPI Inflation	2.50% pa	2.60% pa	2.00% pa
Rate of increase in salaries	3.50% pa	3.60% pa	3.50% pa
Rate of increase in pensions in payment	2.50% pa	2.60% pa	2.00% pa
Pension accounts revaluation rate	2.50% pa	2.60% pa	2.00% pa

Mortality Assumptions

At 31 July 2022

	Retiring Today	Retiring in 20 years
Male	22.9	24.7
Female	25.4	27.1

Asset Allocation	Value at 31 July 2022	Value at 31 July 2021
Equities	57.5%	57.9%
Property	8.1%	6.2%
Government bonds	14.8%	17.1%
Corporate bonds	0.0%	0.0%
Multi Asset Credit	8.9%	0.0%
Cash	0.8%	1.0%
Other	9.9%	17.8%
Total	100.0%	100.0%

Reconciliation to Balance Sheet	Value at 31 July 2022	Value at 31 July 2021
	£000	£000
Funded Benefits		
Fair Value of Fund Assets	151,145	156,099
Present Value of Liabilities	(171,577)	(254,178)
Funded Net Pension Liability	(20,432)	(98,079)
Unfunded Benefits		
Present Value of Liabilities	(171)	(213)
Unfunded Net Pension Liability	(171)	(213)
Total Net Pension Liability	(20,603)	(98,292)

19. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Amounts recognised in income statement	2022	2021
	£000	£000
Operating cost		
Current Service Cost	8,442	8,617
Past Service Cost	82	0
Curtailement Cost	0	597
Financing cost	0	0
Interest Cost (included in Pension Finance Costs - Note 9)	1,635	1,523
Pension expense recognised in profit and loss	10,159	10,737
Allowance for administration expenses included in Current service cost	45	48
Amounts recognised in other comprehensive income	2022	2021
	£000	£000
Asset gains arising during the period	(8,659)	21,234
Liability losses arising during the period	92,279	(2,708)
Total amount recognised in other comprehensive income	83,620	18,526
Changes to the present value of the defined benefit obligation	2022	2021
	£000	£000
Opening Value of Liabilities	254,391	241,944
Current Service Cost	8,442	8,617
Interest Cost	4,298	3,371
Contributions by Participants	1,025	1,150
Actuarial losses	(92,267)	2,714
Net Benefits Paid Out	(4,211)	(4,002)
Past Service Cost	82	0
Curtailement Cost	0	597
Closing Value of Liabilities	171,760	254,391
The closing liability includes £171,000 (2021: £213,000) in respect of unfunded benefits.		
Changes to the fair value of assets	2022	2021
	£000	£000
Opening fair value of assets	156,099	130,936
Interest income on assets	2,663	1,848
Remeasurement gains on assets	(8,659)	21,234
Contributions by the employer	4,202	4,906
Contributions by participants	1,025	1,150
Net benefits paid out	(4,185)	(3,975)
Closing fair value of assets	151,145	156,099
Actual return on assets	2022	2021
	£000	£000
Interest income on assets	2,663	1,848
Gain on assets	(8,659)	21,234
Actual return on assets	(5,996)	23,082

19. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

2023 Pension Increase order

The 2023 PI Order is used to set the level of pension increases, deferred revaluation and CARE revaluation with effect from 1 April 2023. This is expected to be significantly higher than the CPI assumption as at 31 July 2022. The PI Order is typically set with reference to the change in CPI inflation over the 12 months to the previous September (announced in October), so the 2023 PI Order is expected to be set with reference to the September 2022 CPI. The change in CPI over the 12 months to September 2022 was 10.1%.

The actual 2023 PI Order is not automatically set with reference to the September CPI. This is only known with certainty in March, once this has been approved by Parliament. It is possible that the actual PI Order will be lower than the change in CPI over the 12 months to September 2022. It is due to this uncertainty that the standard assumptions and approach as at 31 July 2022 make no allowance for a 2023 PI Order of the order of 10.1%. It is common practice for pensions disclosures to recognise experience as and when this materialises, and so recognition of the 2023 PI Order would ordinarily be made when this is known with certainty, i.e. when preparing pensions disclosures as at 31 July 2023.

The effect of recognising the 2023 PI order in the balance sheet as at 31 July 2022 would increase the value of the obligations by £8.6m.

20. RESTRICTED RESERVES

Reserves with restrictions are as follows:

	2022	2021
	Donations	Total
	£'000	£'000
Balances at 1 August	1,356	1,177
New donations	59	30
Investment income	20	207
Expenditure	(29)	(58)
Movement for the year	50	179
At 31 July	1,406	1,356

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

Project support	1,341	1,322
Student Bursaries	65	34
	1,406	1,356

Notes to the accounts for the year ended 31 July 2022
continued

21. CASH AND CASH EQUIVELENTS	1st Aug 2021	Cash Flows	31st July 2022
Consolidated	£'000	£'000	£'000
Cash and cash equivalents	26,382	7,376	33,758

22. CONSOLIDATED RECONCILIATION OF NET DEBT

	£'000	
Net debt 1 August 2021	11,189	
Movement in cash and cash equivalents	(7,376)	
New finance leases	(117)	
Repayment of secured loans	(3,263)	
Changes in market value and exchange rates	(3,027)	
Net debt 31 July 2022	(2,594)	
Change in net debt	(13,783)	
	2022	2021
	£'000	£'000
Analysis of net debt:		
Cash and cash equivalents	33,758	26,382
Borrowings: amounts falling due within one year		
Secured loans	3,386	3,263
Obligations under finance leases	120	117
	3,506	3,380
Borrowings: amounts falling due after more than one year		
Obligations under finance lease	-	120
Derivatives	(1,047)	1,980
Secured loans	28,705	32,091
	27,658	34,191
Net debt	(2,594)	11,189

23. CAPITAL COMMITMENTS

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Commitments contracted but not provided for	2,444	1,206	2,444	1,206

24. CONTINGENT LIABILITIES

At 31 July 2022 the Governors were not aware of any liabilities for which full provision has not been made.

Notes to the accounts for the year ended 31 July 2022
continued

25. LEASE OBLIGATIONS

Total rentals payable under operating leases:	31 July 2022		31 July 2021	
	Land and Buildings	Plant and Machinery	Total	Total
	£'000	£'000	£'000	£'000
Payable during the year	1,490	156	1,646	1,464
Future minimum lease payments due:				
Not later than 1 year	1,527	63	1,590	1,584
Later than 1 year and not later than 5 years	3,412	16	3,428	4,011
Later than 5 years	478	-	478	843
Total lease payments due	5,417	79	5,496	6,438

26. EVENTS AFTER THE REPORTING PERIOD

As part of the refinancing exercise, the University agreed new terms on their outstanding bank facilities.

An amended and restated credit facility was agreed with Lloyds Bank which in quantum equates to the existing facility. Under the amended facility the split between term loan and RCF will be:

Type	Existing structure	New structure
Term Loan	£26m	£17m
RCF	£10m	£18m

The term loan is for a five-year period and will terminate in 2027/28. The amount on termination date is expected to be £11.25m. The RCF facility is for 3 year period until 2026 with the option to extended twice by one year.

The Lloyds Bank facility is secured against The Spark and The Sports Building.

The University has two hedges in place against the existing facilities in line with the original repayment schedule. As part of the amended and restated facility the University will keep the hedges and shorten up one of the hedges to better align it to the RCF facility.

The amendment to the Barclays Bank facility extends the RCF by an additional year to 2026 and includes amended covenants. Security against this facility remains unchanged.

The Board approved the amended and restated credit facility with Lloyds and the amendment to the Barclays facility on 6th December 2022.

27. 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

28. 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 £733 was paid for travel and subsistence expenses to 4 Governors (2021: £160 paid to 3 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 2021-22				
Trade	4	3	-	-
Grant	-	-	83	444
Solent Students Union 2020-21				
Trade	1	1	-	-
Grant	-	-	36	498

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.

29. ACCESS & PARTICIPATION PLAN

Consolidated and University

	OfS Plan	AFR Return including disability	Actual 2021-22	Variance	Actual 2020-21
	£'000	£'000	£'000	£'000	£'000
Access Investment	601	601	716	(115)	647
Disability	-	309	524	(215)	344
Financial Support	1,417	1,417	1,815	(398)	2,570
Research and Evaluation	56	56	46	10	48
Total	2,074	2,383	3,101	(718)	3,609

Context

Student Population - WP and Disability Statistics

77.50% of the University's student population recorded at least one WP characteristic

72.10% of the University's student population recorded at least one WP characteristic (excluding disability)

15.40% of the University's student population recorded a known disability

Note students can have multiple WP characteristics hence the two above do not total 77.5%

Source: 2018-19 HESA Student Record Data



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