



FINANCIAL REVIEW

FOR THE YEAR
ENDED 31 JULY 2024

UNIVERSITY OF
PORTSMOUTH



TEF
2023

Teaching
Excellence
Framework

Gold

Higher
Education
Corporation

WELCOME FROM THE CHAIR OF GOVERNORS AND THE VICE-CHANCELLOR

This year, the University has sustained our upward trend in both global and national league tables. We are making good progress towards our Vision of being the UK's top modern university and one of the world's top 100 young universities by 2030. We achieved a significant positive increase in the Guardian University Guide, where we rank among the Top 5 Universities in the South East region. Additionally, Times Higher Education placed us in the Top 10 of Young Universities in the UK, and we achieved a Top 50 ranking in the Complete University Guide. We were also delighted to achieve our second TEF (Teaching Excellence Framework) Gold award, making us one of only five universities in the South East to be rated Gold and one of only 16 universities to be awarded Gold in both TEF exercises – demonstrating that we deliver some of the highest quality teaching in the UK Higher Education sector.

In August, the results of the National Student Survey (NSS) 2024 were published, and the University was ranked 27th in England for teaching, 17th for learning resources, and 19th for academic support. At a course level, 14 courses achieved 100% satisfaction in at least one NSS category. The Knowledge Exchange Framework (KEF) results, published in November, awarded the University a rating of 'high engagement' in five of the seven KEF perspectives. The Graduate Outcomes Survey 2024, published in July, reflects the progress of students who graduated in 2021/2022. The percentage of the University's graduates in professional occupations reduced slightly to 70.8%, while the percentage of students agreeing or strongly agreeing that their current activity utilised their skills rose by 19 places.

The Higher Education sector has continued to face unprecedented challenges this year, impacting our financial sustainability. The University addressed this robustly by implementing a University 'Reset' through a critical appraisal of all activities, improving efficiencies and using our resources in a smarter way. There have been changes in the University leadership team to support delivery of the Reset and savings have been made through the rationalisation of organisational structures, processes and systems. Students are at the heart of all our plans. In enacting these changes, we have continued to deliver the excellent teaching and support our students expect and deserve – and which is critical to our financial sustainability.

We have continued our investment in the Estates Masterplan to enhance infrastructure and buildings. This is vital to ensure that we are able to future-proof the growth of our University. Five significant projects are underway over the next five years, governed by project boards and governor oversight. Construction plans are in progress for our new Technology Building and the Nuffield Teaching Lab, both designed to offer world-class teaching facilities. All our new building designs are developed to be flexible, in order to accommodate changes in teaching practices. By incorporating sustainable, climate-positive features, we uphold environmental sustainability and reduce ongoing costs. We are also continuing to invest in our digital estate through a programme of transformation and the establishment of a Cyber Security Centre. Such investments are essential to ensuring we become an even more attractive destination for students and deliver life-changing experiences with employability at the heart – crucial factors in ensuring stability and sustainability for the long term.

Student recruitment was a significant challenge across the Higher Education sector this academic year. In response, we have reviewed and adjusted our marketing strategy to ensure we are more attractive to a wider range of students. This new approach seems to be effective, with recruitment of home and international students for next year positive in a very competitive market. The opening of our London Campus in Waltham Forest was delayed until May this year with a modest launch in terms of student numbers. With an ambitious new marketing strategy and support structure in place for its first full year of operation next year, we have the foundations for sustainable future growth. Our new medical facilities welcomed in August our first 54 medical students to Portsmouth. We have partnered with King's College London to offer their accredited MBBS (graduate entry medicine degree). The formal launch of this branch medicine course was met with great enthusiasm by all the partners involved, including our partners in the wider civic city community where it is hoped that expansion of medical training opportunities will help to address the shortages of GPs experienced in the area, benefiting the city of Portsmouth, the NHS and patients. We have already been allocated

additional places for the following year, which will grow our annual intake to just under 70 students.

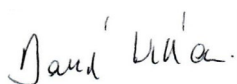
Building on our strong focus on student support and employability, we have taken the bold step of becoming the first UK university to offer students a choice to do a placement year when they are ready. Our 2024 intake onwards now have the opportunity to make their course a Connected Degree programme. Undergraduates normally take their placement between their penultimate and final years of study. This innovation supports individual choice and, by broadening our offer to include the option of a fourth-year placement as a bridge to employment, enhances employability across our graduate body. A new Student Advice Team has been established to help students with CVs, volunteering and part-time jobs, while the new Student Support Services provide proactive wellbeing support and guidance. The Access and Participation Plan is being updated to ensure equality of opportunity, with a particular focus on closing the awarding gap, addressing gender imbalance and improving rates of withdrawal. A new Employability Operating Plan will be developed over the coming year.

The University has attracted significant investment this year and a number of our academics have been globally recognised for their research and innovation projects. We have successfully redesigned our research and innovation support activities, building on our exemplary outcomes in the last Research Excellence Framework (REF 2021) and laying the foundations for sustained future growth and success in research and innovation activity. Among many highlights, we are part of a £55 million programme of investment to help drive forward change in the energy system to help meet the UK's net zero target by 2050, advancing our commitment to civic responsibility and environmental sustainability. Researchers from the University are playing active roles in SEA CHANGE, an ambitious project to design, build and operate a 'shore power' system across the busiest berths at Portsmouth International Port, enabling docked ferries and cruise ships to turn off their engines, 'plug in' and use green electricity to run their systems. Funding of a £635,000 grant for a new project to learn lessons from past maritime energy transitions has been awarded to the Centre for Port Cities and Maritime Cultures. In addition, the University has received funding from the Natural Environment Research Council (NERC) on next-generation passive sampling for monitoring organic contaminants in water. The University's Centre for Enzyme Innovation (CEI) will spearhead the £11.2 million Preventing Plastic Pollution with Engineering Biology Mission Hub, supporting a transition toward a circular plastics economy in the UK. In June, the University signed a partnership with the Mary Rose Trust, offering opportunities for joint research, innovation, teaching, student placements, and community projects, further strengthening our civic engagement and impact.

As we work towards [University of Sanctuary](#) status, the University has committed to investing up to £80,000 a year supporting scholars at risk through the Council for At-Risk Academics (Cara) fellowship programme. In October, two potential fellows from Afghanistan were interviewed by University colleagues. Both have received and accepted offers of fellowships which will enable them to continue their research in safety and without fear of persecution.

Our Graduation this year was held over eight days in July. More than 8,000 students received their awards at 24 ceremonies, held in person and surrounded by family and friends. It is always a highlight of our academic year as we celebrate the success of our graduates, our own role in that success, and wish the graduates well for whatever their future holds.

As we look forward to a new academic year we acknowledge and thank our extraordinary University community, both staff and students, for all that we have achieved. It is a privilege to work with and to lead such remarkable and hard-working teams as we focus on our plans to face the challenges of the future.



David Willan
Chair of the Board of Governors



Professor Graham Galbraith
Vice-Chancellor

November 2024

FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2024

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GOVERNORS AND SENIOR FINANCIAL OFFICERS

Board of Governors and Senior Financial Officers of the University of Portsmouth Higher Education Corporation

1 August 2023–31 July 2024

Board of Governors (who are also Trustees)

	Bahram Bekhradnia	
	Roger Burke-Hamilton	
	Claudia Iton	
	Liz Jolly	
	Vineet Khurana	Until 31 July 2024
	David Madoc-Jones	
	Sukkanya Siva	From 1 March 2024
External Members	David Wilding	Until 31 July 2024
	David Willan	Chair
	Christopher Williams	
	Alan Lees	From 1 March 2024
	Penny Emerit	
	Stacey Parrinder-Johnson	From 1 November 2023
	Mark Readman	From 1 November 2023
	Professor Sandy Pepper	
	Madeline Denmead	
Student Governor	Morgan Lowman	From 1 August 2023
Nominated by Academic Council	Dr Adrian Hull	
	Professor Richard Thelwell	Until 31 October 2023
Nominated by Academic Staff	Dr Michelle Hale	From 18 March 2024
Nominated by Prof. Services Staff	Becky Miles	
	Temidayo Dosunmu	Until 30 June 2024
Nominated by Student Body	Marija Solic	From 1 July 2024
Vice-Chancellor	Professor Graham Galbraith	

Senior Financial Officers of the University

Chief Financial Officer	Mary White	From 18 March 2024
	Emma Woollard	Until 6 August 2023
Executive Director of Finance	Stephen Avery	From 7 August 2023 to 30 October 2023
	Lesley McCleod	From 14 August 2023 to 31 January 2024
	Simon Taylor	From 3 January 2024 to 31 July 2024
Deputy Directors of Finance	Mark Carter	
	Nicola Nestor	Until 15 December 2023
	Vicky Bruce	Until 27 October 2023
Interim Deputy Director of Finance	Kate Smith	1 January 2024 to 31 July 2024

Secretariat

Executive Director of Corporate Governance and Clerk to the Board of Governors	Claire Dunning	Until 24 May 2024
	Peter Aldred	From 25 May 2024

IMPLEMENTING OUR STRATEGY

Our University Vision and Strategy were approved by our Board of Governors in 2019 following extensive consultation with key stakeholders through a series of workshops, focus groups and town-hall style events attended by several hundred staff and students.

Our Vision states that **by 2030 we will be the UK's top modern university and one of the top 100 young universities in the world**. Our Strategy set out what we believed the University needed to achieve in order to put us on course to achieving these ambitions. It is underpinned by detailed Education, Research, Global and People Strategies.

Since the Strategy was launched, much has changed in the world as a whole. In particular, the global pandemic caused widespread disruption to all education providers and we were no exception. Our approach was to focus on four Strategic Imperatives to minimise the impact of Covid.

Our Strategic Imperatives
Recruitment: Reverse the ongoing decline in our home full-time undergraduate applications, and boost conversions, including plans to diversify student recruitment in other areas.
Student experience: Pursue educational excellence, improve student experience and reduce variation in outcomes.
Graduate employment: Rapidly improve graduate employment.
Research and innovation: Increase our globally recognised research and innovation based on thematic areas, prioritising collaboration and international engagement.

In recent years, the University and much of the sector has faced additional challenges and pressures. These include the continued real-terms reduction in the value of the maximum tuition fees for UK full-time undergraduate students, alongside high rates of inflation, rises in wholesale energy prices, and other factors impacting the cost of delivering our teaching, research and innovation activities.

In light of these and other factors, the University faced significant financial challenges in 2023/24. We developed and enacted an organisational Reset programme, to deliver savings targets in 2023/24 following operating deficits in 2021/22 and 2022/23.

This is part of a wider commitment to improve efficiencies, reduce bureaucracy, reshape and develop organisational structures and processes, make greater use of technologies and invest strategically in our estate. It's essential that we continue to build on the considerable progress that we've made by demonstrating increasing agility in a changing world and thereby ensuring the successful delivery of our Strategy, our Vision of the future and our Strategic Imperatives.

Overall performance

Recruitment

The recruitment of home full-time undergraduate and postgraduate students was particularly challenging in 2023/24, with reduced numbers of new entrants compared to the previous year, which fell some way short of targets. While applications and acceptances from prospective new home full-time undergraduate entrants in September 2024 suggest a significant improvement for the coming year, numbers are likely to remain some way below levels achieved prior to 2021/22. This reflects ongoing and increasing competition within the sector.

In previous years, decreases in home full-time entrant numbers have been partially offset through diversification, principally through the development and growth of new international student markets. However, during 2023/24, these markets were also severely challenged due, in part, to changes in Government legislation relating to study visas for international students entering the UK.

Additionally, wider socio-economic factors impacted demand from some key international markets and resulted in reduced international postgraduate taught student numbers in 2023/24. These factors are expected to continue to impact both Portsmouth and the sector as a whole into 2024/25 and are likely to further increase competition across both home and international student categories.

The University continues to diversify student recruitment through other areas, including non-traditional routes such as degree apprenticeships. In 2023/24 new entrants were accepted onto degree apprenticeships in each of our five academic faculties. The University was successful in separate funding bids to the Office for Students, to develop and launch new apprenticeship standards in 2024/25 and 2025/26 in areas including engineering and healthcare professions.

Additionally, a ground-breaking new partnership between the University of Portsmouth and King's College London saw the opening of our branch campus in Portsmouth, which began teaching over 50 medical students on a four-year medical degree in September 2024. This arrangement expands opportunities to study medicine within our region, which has some of the biggest shortages of GPs in England. As such, in addition to providing benefits to both universities and opportunities to those studying at the new branch campus, the partnership also benefits the city of Portsmouth, the NHS and patients.

Student experience

Our educational excellence and the outstanding experience we provide our students is demonstrated by our overall rating of Gold in the Teaching Excellence Framework (TEF 2023), which was announced in September 2023.

TEF is a national assessment of teaching quality across universities and Higher Education providers in England and Wales, overseen by the Office for Students. It is designed to give students a clear and independent indication of quality. It was pleasing that we were especially praised for supporting student success; course content and delivery; teaching, assessment and feedback; and learning environment and academic support.

'My lecturers are very approachable and down-to-earth, and I feel like I can speak to them in a professional setting and also in less formal settings. They are all passionate, and highly engaging during lessons.'

Daniel Sawyer, BA (Hons) Film Production

In the 2024 National Student Survey, which measures the opinion of final-year undergraduates, the University was ranked in the Top 30 universities in England for ‘teaching on my course’; and the Top 20 for learning resources and academic support. Similarly, the 2024 Postgraduate Taught Experience Survey saw 87% of Portsmouth respondents express overall satisfaction, up from 84% the previous year, compared with a sector average of 84%.

Our Access and Participation Plan 2020/21 to 2024/25 includes a number of stretching targets to reduce variations in degree outcomes for students in several target groups, where awarding gaps had existed historically. While good progress has been made in relation to these targets for disabled students, the awarding gap for black students, compared to white students, has widened again in recent years, having narrowed in the earlier years of the Plan. A new Access and Participation Plan covering 2025/26 and 2028/29, was developed during 2023/24, and submitted to the Office for Students in July 2024 for approval. This sets out a number of objectives and targets, including reducing this awarding gap, and our strategies for achieving these.

‘It had everything I wanted in terms of module options, but also the mandatory placement in two countries instead of one was something I hadn’t seen anywhere else, and I thought it was really exciting.’

DeAvyon Brown, BA (Hons) Applied Languages

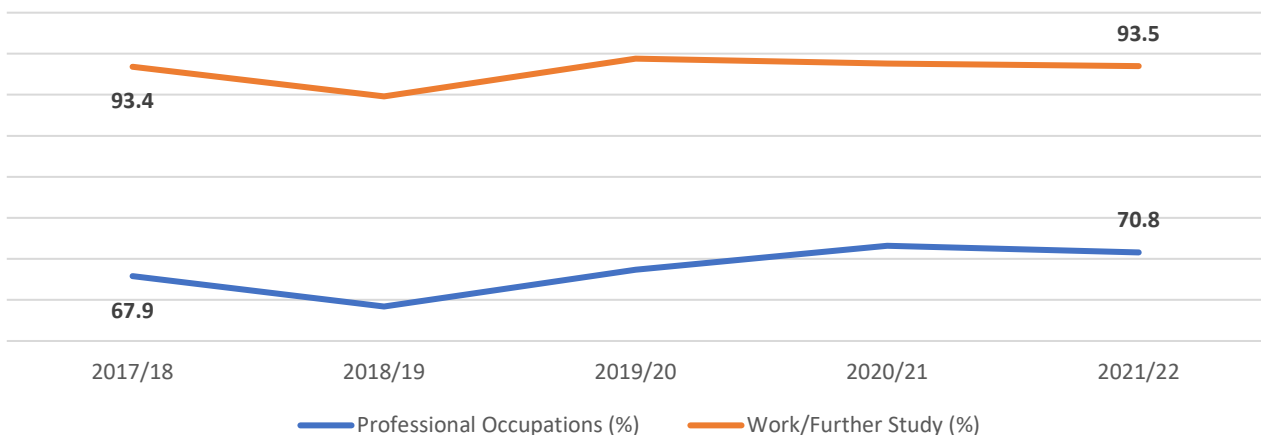
Graduate employment

Graduate employment rates are measured through the Graduate Outcomes survey, delivered by the Higher Education Statistics Agency. The survey reports on the activity of graduates fifteen months after completing their higher education qualification. It replaced the Destinations of Leavers from Higher Education Survey in 2018/19.

Over the five-year period the rate of University of Portsmouth UK, full-time, first degree graduates in employment and/or further study fifteen months after completing their qualification has remained relatively consistent at between 93-94%, with the exception of the 2018/19 graduating cohort, when results were impacted by the coronavirus pandemic.

During the same period, the proportion of employed graduates in professional occupations increased by approximately three percentage points.

**Outcomes 15 months after graduation
UoP UK FT First Degree**



Research and innovation

Our University Strategy highlights our ambition to deliver globally recognised research and innovative solutions that improve society.

The Research Excellence Framework (REF) is the UK system for assessing the quality of research in UK Higher Education institutions (HEIs).

The most recent exercise, REF 2021 was the largest ever submitted by the University and saw 77% of the research we submitted rated in the highest categories - world-leading and internationally excellent. The University was ranked within the Top 10 among modern HEIs in terms of Grade Point Average, and 3rd within the same group for Research Power, a combined measure of the quantity and quality of the research submitted, as measured by Times Higher Education.

In the 2024 Postgraduate Research Experience Survey, the University was ranked in the first quartile for research culture compared to other modern (post-1992) universities for the first time.

The third iteration of the Knowledge Exchange Framework (KEF) was published in 2023/24. This explores how universities collaborate with external partners – from businesses to community groups – to benefit the economy and society. The University of Portsmouth was rated as having ‘high engagement’ in five of the seven KEF perspectives. We outperformed the Cluster average on three perspectives and were in line on three others.

However, Research and Innovation (R&I) income targets were not met in 2023/24 when income fell by £2.7 million from the previous year; and by £4.7 million compared with the earlier high-point of over £30 million in 2021/22. This is largely due to a decline in charity income in 2023/24, as well as a reduction in EU income due to the cessation of Interreg funding. Several strategic measures have been implemented to reverse this shortfall, including work to improve bid performance, based on optimisation models; and optimisation of TRAC return targets, to improve cost recovery rates for research and innovation activity. Additionally, we have completed the reorganisation of the Department of Research and Innovation, which will enable more targeted and direct support and training for academic staff to support income generation and improved outcomes in the next REF.

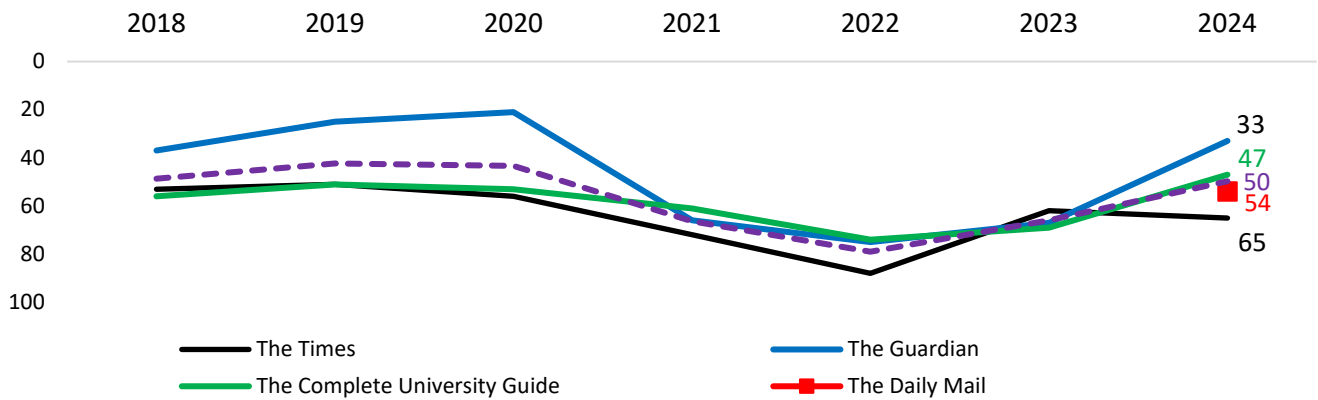
From investment in world-class facilities to the redesign of infrastructure for supporting R&I activity, we are taking steps to secure the long-term health of our R&I income.

Performance in league tables

Our overall progress is reflected through our performance in external league tables which draw on various metrics related to our Strategic Imperatives, including student satisfaction, rates of professional-level graduate employment, and research quality and intensity.

After a significant drop following the pandemic, our performance in the UK university league tables has steadily improved.

UK league table performance - University of Portsmouth



The 2024 Times Higher Education World ranking, published in October 2023, saw the University remain classified in the 401–500 banding. In the Times Higher Young University ranking, which includes institutions established within the last fifty years, the University was classified 104th, up from 132nd the previous year.

“I knew that being an international student was an asset here that would be appreciated, and that inter-cultural exchange would be encouraged.”

Lucille Seppi, BSc (Hons) Psychology

Summary

Overall, satisfactory progress has been made in what has been a challenging period for both Portsmouth and much of the sector. Student recruitment was severely impacted in 2023/24 by multiple external factors and we expect home and international markets to continue to be challenging. Additionally, further work is required to boost future R&I income generation and contribution to other R&I metrics.

Positive results across student surveys demonstrate our continued focus on, and success in delivering a positive experience for our students, despite these challenges. It will be key to maintain our focus on delivering this for all of our students while continuing to adapt and evolve to the changing context in which we operate if we are to successfully realise our Vision.

ENVIRONMENTAL SUSTAINABILITY

Low-carbon building design

The design specification for new buildings and major refurbishment projects at the University continues to focus on installing the latest air source heat technology. Our award-winning Ravelin Sports Centre endorses this design approach with impressive energy efficiencies while maintaining user thermal comfort. We challenge our building design teams to achieve the sustainable design BREEAM 'outstanding' rating, plus an operational 'A' rating building energy certificate.

The Langstone Campus refurbishment project continued this theme by converting student accommodation from gas systems to all-electric air source heat technology. Low-energy LED lighting was installed throughout, alongside new double glazing to improve thermal comfort for our students. This project was kindly supported by a government grant from Salix Finance. Another project upgraded the lighting to LED in our 10,769 m² Anglesea teaching building, reducing its energy utility demand and operational cost.



Air source heat technology at Langstone Campus. Monitoring water consumption online.

Utility management

Due to our continued investment in a renewable electricity tariff, we are able to report zero carbon emissions from electricity supplies. To manage electricity demand, we can view consumption online – and we plan to do the same with gas use. Having detailed visibility of utility consumption patterns will enable us to check and manage our supplies and save valuable resources, as we already do successfully with water.

Sustainable travel

To support efforts to improve air quality in Portsmouth city centre, we discourage students and staff from bringing cars into the city and run subsidised term time bus services for our students. Staff can choose to benefit from train discounts/season tickets, and bicycle and EV salary sacrifice schemes. The local authority also operates an e-scooter/bike scheme, which is proving popular with students, with hiring stations located close to popular destinations.

Revolution Plastics Institute

In February 2024, our Revolution Plastics initiative became an Institute. Since its launch in 2020, Revolution Plastics has grown into a community of around 100 staff and 20 PhD students. Accelerating efforts to tackle global plastic pollution, the Institute adopts an inclusive, solutions-focused strategy. It invites contributions from diverse disciplines and fosters partnerships with the global plastics community.

Our researchers are helping to shape a more sustainable world and lead the way to a circular plastics economy. They do this by analysing plastics policy worldwide; collaborating with communities locally and in the global south to reduce plastic pollution; engineering enzymes to break down plastic faster; developing new, sustainable materials; working to transform the potential of plastic recycling and reuse; and furthering the world's understanding of how microplastics affect us all.

A new enrichment module, 'A Plastic Revolution', is now open to all students at the University. It is an optional 12-week course that explores and discusses innovative research being undertaken to explore solutions to the global plastics crisis.

International environmental management system ISO 14001

To independently judge our environmental compliance, we invest in a certified environmental management system. This requires a process of internal audits, which in turn provides support for all faculties and departments to comply with environmental best practices and regulations, and facilitates continual improvement. The recertification inspection in February 2024 extended our certification until 2027.

Research, innovation and education

Our Climate Positive and Sustainability Policy clearly outlines the vital role research, innovation and education play in our commitment to environmental sustainability.

The University of Portsmouth has a strong institutional focus and track record in research and innovation in 'protecting our [environment](#)', which is one of the four University research themes. This draws together natural, social, economic and arts-based researchers to tackle some of the most pressing environmental challenges facing the world today. We have continued to prioritise relevant research and innovation to reach our Climate Positive goal, in line with the policy.



Embedding the principles of Education for Sustainable Development (ESD) into curriculum design is an inherent requirement for Higher Education. AdvanceHE and QAA's 2021 Guidance on ESD acknowledged the breadth of interconnected environmental and social issues that pose existential threats to humanity and require wider and urgent attention in HE curricula. Moreover, meaningfully including environmental sustainability in our academic delivery supports the strategic imperatives of student recruitment, student experience and graduate outcomes. Academic Development takes a lead role in facilitating wider institutional engagement with ESD, to capitalise on the excellent pockets of best practice across the University.

FINANCIAL REVIEW

Overall financial performance

The external economic environment is becoming increasingly challenging for the Higher Education sector. As referred to in the Welcome to this report and the Strategy Implementation commentary. We are not immune to the challenge of capped home student fees, rising costs, and falls in the number of international students applying to study in the UK. The University took immediate action to reduce our cost base when international student intake declined in January 2024, contributing to a £22.0 million budget shortfall in predicted international tuition fee income. We developed the Reset programme to reduce the potential financial impact on the University and protect funds held for future investment. The Reset programme delivered £20.0 million in cost savings in the financial year. There are further projects in progress aiming to deliver savings in future years, which will ensure the long-term success and financial sustainability of the University.

During the year we have been working with our lenders, keeping them informed of our financial performance. In July we took the opportunity to repay £30.0 million of our private placements early at a total cost of £27.2 million. Our current cash balances enable a long-term planning approach, which we balance against the requirement for investment in our Estate and Digital Services. These investments are critical to deliver the University's strategic ambitions to become the best modern university, provide an excellent experience for students and provide buildings to meet the future needs of our students and staff, and digital services which drive improved efficiency.

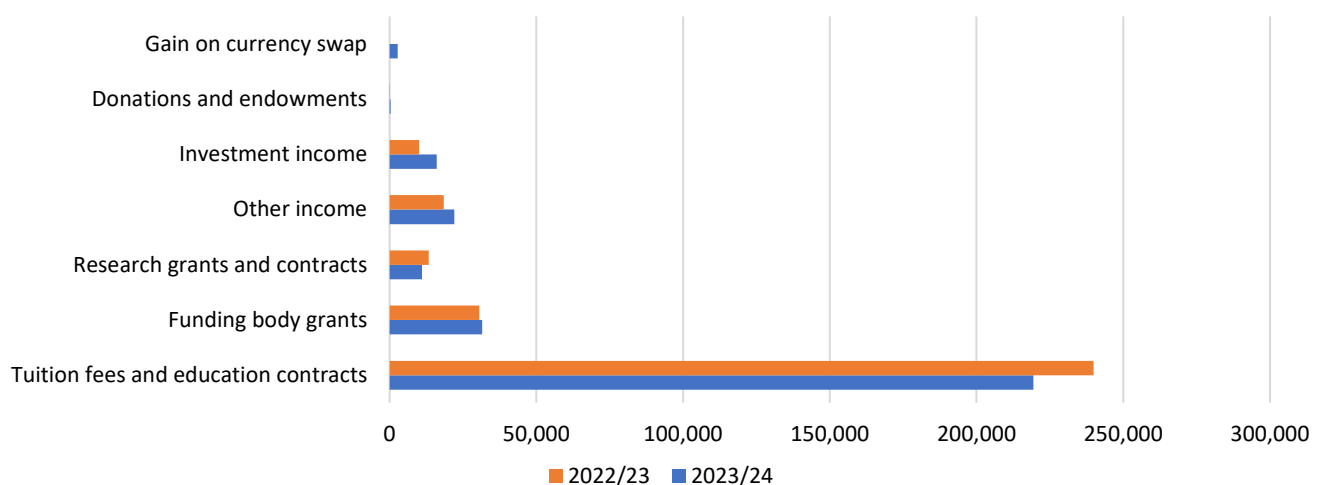
The University's income decreased in 2023/24 by £9.4 million, mainly driven by a reduction in international student recruitment, particularly for postgraduate taught courses starting in January 2024. This reduction was partially offset by increased investment income as a result of higher cash balances during the year and higher interest rates than expected.

Closing cash balances decreased by £38.7 million, from £328.7 million in 2022/23, to £290.0 million in 2023/24 (this includes cash and cash equivalents, short-term deposits, and investments) due to capital expenditure and the repayment of the private placement in July 2024. Our future Estates and Digital Masterplan ambitions total £290.0 million. Continued investment in the Estates and Digital Masterplans is essential to enable efficiencies to be realised both in the operation of our estate and in our operations.

Income

The University Group's income for 2023/24 totals £303.0 million, compared to £312.4 million in 2022/23, a decrease of 3.0%.

Income analysis 2023/24 vs 2022/23



Student tuition fees

Total fee income decreased by £20.5 million compared to the previous year which included a decrease of £12.3 million in full-time international and EU student recruitment. Income from full-time home students was down £9.4 million from the previous year, income from part-time students slightly increased by £0.6 million and educational contract income remained level.

The fall in international student recruitment, particularly in January 2024, was impacted by immigration policy. International undergraduate and postgraduate taught students are no longer able to bring dependants to the UK, making the UK a less favourable destination for higher education study.

Government funding

Funding council grants (note 2) increased by £1.0 million (3.2%). This was due to the release of capital grants relating to the recently completed Salix projects in 2023/24 and increased releases relating to historic projects.

Other sources of income

Income from research grants and contracts (note 3) decreased overall by £2.3 million (17.1%) to £11.0 million. There were small increases of £0.5 million across a number of sponsors (including Research Council, UK Government/health authorities and other) but decreases in other sponsor income (including UK charities, industry and commerce, EU government, EU other and other overseas).

Other income (note 5) increased by £3.5 million to £22.0 million. Both Residences, Catering and Conferences income and Other income increased, mainly due to increased activity on campus and the success of the Ravelin Sports Centre. Ravelin opened in September 2022 and was in full operation for the year.

Investment income (note 6) increased by £5.9 million (58.4%) compared to 2022/23 as interest rates remained high throughout the year. There was a one-off £2.8 million currency swap gain due to the early repayment of borrowings.

Expenditure

Overall expenditure decreased by £19.7 million (6.3%) from £314.8 million in 2022/23 to £295.1 million in 2023/24. During the year, the University took immediate action to reduce its cost base when international student intake declined in January 2024. We took steps to reduce the potential financial impact on the University and protect funds held for future investment.

The Reset programme delivered £20.0 million in cost savings in the financial year, leading to a reduction in both staff costs and other operating expenses.

Staff costs

Staff costs decreased overall by £6.0 million (from £176.1 million in 2022/23 to £170.1 million in 2023/24). The number of average full-time equivalent staff fell from 2,778 in 2022/23 to 2,629 in 2023/24, leading to reductions in salary costs and pension costs despite the increase in Teachers' Pension Scheme employer contribution rates from 23.6% to 28.6% on 1 April 2024. We have undertaken several restructuring exercises across both academic and professional service areas, to address the reduction in both income and student numbers, alongside a recruitment freeze to realign resources and reduce costs across the University.

Other operating expenses

Other non-staff operating expenditure include costs such as marketing, building and equipment maintenance, legal and professional fees, and other consumables. These costs decreased by £23.0 million (20.6%) in the year

across a number of different areas, as a result of decreasing student numbers and the Reset programme, including:

- International commission payments decreased by £4.3 million (from £12.6 million in 2022/23 to £8.3 million in 2023/24) and payments to Franchise Colleges decreased by £2.8 million (from £10.5 million in 2022/23 to £7.7 million in 2023/24), reflecting lower student recruitment in these areas.
- Bad debt write-offs decreased by £1.9 million (from £3.0 million in 2022/23 to £1.1 million in 2023/24) due to credit terms and credit control returning to pre-pandemic levels.
- There were two one-off reductions in creditors totalling £2.9 million in 2023/24.
- In meeting the targeted £20.0 million saving, spending was cut across all budgets and categories of spend, contributing further to the total reduction in other operating expenses of £23.0 million.

Access and participation costs

Access and participation costs (note 10) also form part of Other Operating Expenses and decreased by £0.2 million (from £8.8 million in 2022/23 to £8.6 million in 2023/24). This was a result of a reduction in the number of students eligible to receive support from 3,684 students in 2022/23 to 3,472 students in 2023/24 (a drop of 212 students). The value of the bursary remained unchanged in 2023/24.

Depreciation

Depreciation (note 13) increased by £12.2 million (from £21.2 million in 2022/23 to £33.4 million in 2023/24) in line with progress on both the Estates and Digital Masterplan. The increase included £4.0 million depreciation relating to newly commissioned assets (including £1.4 million IT equipment and £0.5 million Dental Academy) and accelerated depreciation of £3.5 million due to a reduction in the expected useful life of University House.

Interest and other finance costs

Interest and other finance costs (note 9) remained level from 2022/23 to 2023/24. The interest on our private placements (note 20) is a fixed percentage.

Operating surplus

The University made an operating surplus of £7.9 million in 2023/24 compared to an operating deficit of £2.4 million in 2022/23. This included two one-off items relating to an insurance receipt of £3.0 million related to a previous legal dispute and a £2.8 million currency swap gain due to the early repayment of borrowings.

Overall deficit

The University's total deficit for the year before actuarial gains or losses is £9.2 million 2023/24 (2022/23 surplus of £1.2 million) compared with a budgeted deficit of £11.9 million. Both income and expenditure reduced due to challenges in student recruitment, particularly international January 2024 postgraduate entry. The Reset programme has delivered savings in both staff costs and other operating expenses to offset the reduction in income.

During the year, a review of all projects in progress was undertaken against the approved Estates Masterplan, leading to losses on write-offs and disposals of Fixed Assets of £7.0 million. This was partially offset by gains on investments of £3.1 million.

The technical adjustment in relation to the fair value of the remaining loan notes, which is updated annually, is a non-cash item of £13.2 million. These non-operating items take the operating surplus down to a total deficit for the year of £9.2 million.

Statement of financial position

The statement of financial position shows the assets and liabilities of the University.

Net Assets:	31 July 2024 £000	Represented By:	31 July 2024 £000
Tangible fixed assets	382,633	Income and Expenditure Reserve: restricted	3,077
Investments	2,841		
Non- Current Assets	385,474		
Stock	180	Income and Expenditure Reserve: unrestricted	503,353
Trade and other receivables	27,416		
Investments	61,482		
Short term deposits	158,000		
Cash and cash equivalents	70,480		
Creditors < 1 year	(75,081)		
Net Current Assets	242,477		
Deferred grant income	(53,022)		
Unsecured loans	(68,499)		
Creditors due after one year	(121,521)		
Pension Liability	0		
Net Assets	506,430	Total Reserves	506,430

Non-current assets

The net book value of tangible fixed assets decreased overall by £2.0 million (from £384.6 million in 2022/23 to £382.6 million in 2023/24). Additions during the year (note 13) totalled £38.4 million, including £28.3 million for land and buildings, £5.7 million for fixtures, fitting and equipment, and £4.4 million for IT capital spend. Depreciation was £33.4 million.

Asset additions included:

Land and buildings; £3.5 million for a building purchase (Montgomery Way); £1.8 million for the Rosalind Franklin Medical School; £1.6 million for the Mercantile consolidation; £10.0 million Langstone student residence; £3.0 million on master plan schemes.

Fixtures, fittings and equipment; £1.8 million Fuse project, £0.3 million audiovisual equipment.

Fixed asset investments as included in the non-current assets (notes 14 and 23) relates to the endowment fund, which is managed by CCLA and which the University has held since 1997. There were no significant movements during the year.

Current assets

Current assets have decreased over the year by £45.2 million (from £362.7 million in 2022/23 to £317.6 million in 2023/24) with trade receivables (note 15) decreasing by £6.4 million and investments, short-term deposits, and cash and cash equivalents decreasing by £38.7 million overall, due largely to a £30.0 million loan early repayment.

Creditors due within one year

Creditors falling due within one year (note 18), have decreased by £19.8 million (from £94.9 million in 2022/23 to £75.1 million in 2023/24) with other creditors the largest variance included within this, decreasing by £11.7 million due to timings of payments to creditors and reductions in accruals for one-off events. Deferred tuition fee income relates to courses which straddle both 2023/24 and 2024/25 years and has decreased as a result of a decrease in student numbers starting their studies in January 2024.

Creditors due after one year

Deferred grant income (note 19) remained broadly the same compared to last year (£51.9m million in 2022/23 and £53.0 million in 2023/24) and relates to capital grants received. Income is recognised in accordance with the Statement of Principal Accounting Policies found later in this Financial Review.

The change in fair value of financial instruments of £13.2 million (unsecured loans, note 19) relates to the £70.0 million private placements. The University engages a quantitative solutions expert to perform this annual revaluation, which is calculated as the present value of all future, discounted cash flows. As interest rates fall, so does the discount rate, resulting in an increase in the present value of the private placement.

Pensions liability

The pension valuation for University staff in the Hampshire Local Government Pension Scheme remained in surplus in 2023/24. However, the surplus has been restricted to nil as it is neither recoverable nor realisable. We revalue the pension scheme at the end of each financial year for the purposes of the financial statements.

The University is not required to recognise a liability on our other pension schemes, principally the Teacher's Pension Scheme in respect of academic staff.

Financial sustainability and financial health

EBITDA is earnings before interest, taxes, depreciation and amortisation, and is used to assess the University's operating performance without the influence of accounting and statutory (non-operating) adjustments. EBITDA forms part of the University's Financial Key Performance Indicators (KPIs) for Sustainability and Health, which are reported regularly to the relevant Governor committees.

EBITDA reconciliation to operating deficit:

	Reference	£000 2023/24	£000 2022/23
Operating Surplus/(Deficit)	SOCIE	7,896	(2,385)
Less:			
Interest payable	SOCIE, note 9	3,027	3,001
Pensions finance charge	SOCIE	(102)	2,728
Depreciation	SOCIE, note 13	33,394	21,240
Deferred grant income	Cashflow, balance sheet, note 19	(4,724)	(3,019)
Pensions staff adjustment	Balance sheet, note 30	(1,928)	4,425
EBITDA		37,563	25,990

The Financial KPIs for 2023/24 and 2022/23 are shown in the table below.

	2023/24	2022/23	Change
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)	£37.6m	£26.0m	£11.6m (F)
Earnings before interest, Taxes, Depreciation and Amortisation as a % of Income	12.4%	8.3%	4.1% (F)
Operating Surplus/(Deficit) as a % of Total Income	2.6%	(0.8%)	3.4% (F)
Unrestricted Reserves (excluding pension liability) as a % of Income	166.1%	164.8%	1.3% (F)
Borrowings as a % of Total Income	23.4%	32.5%	(9.1%) (F)
Days Ratio of Net Liquidity to Total Expenditure (excluding depreciation)	404.3	408.6	(4.3) (A)
Staff Costs as a % of Income	56.1%	56.3%	0.2% (F)

A – adverse

F – favourable

The University's EBITDA of £37.6 million has improved as a direct result of the Reset Programme, a focus on reducing our operating costs reversing the decline in financial performance and the currency swap gain due to the early repayment of £30.0 million of borrowings.

The early repayment of £30.0 million of borrowings has positively impacted the borrowings as a percentage of income but reduced the days ratio of net liquidity to total expenditure which remains over 365 days.

A reduction in staff numbers has led to a small improvement in the staff costs as a % of income. With the increased cost of employer contributions to the Teachers' Pension Scheme of 5% from April 2024 and pay inflation, this ratio will remain challenging to control.

'I enjoy the placement opportunities and workshops as they allow us to see the different sides to pharmacy. The teaching shows both the clinical and non-clinical sides, which is beneficial in deciding which path I want to take when I qualify.'

Chioma Okwaraji, MPharm (Hons) Pharmacy

Investment performance

The University continues to adopt a conservative, risk-based approach to treasury management. Cash balances and investments decreased mainly due to the early repayment of £30.0 million borrowing (£290.0 million as of 31st July 2024, compared to £328.7 million as of 31st July 2023). These funds have been actively managed within the risk framework of the Treasury and Investment Management Policy.

The Treasury and Investment Management Policy continues to be actively reviewed and updated to ensure that all cash balances are managed carefully and proactively in order to maximise return and mitigate the cost of borrowing, while meeting the University's needs in respect of liquidity.

Financial risks

Strong financial performance and standing has meant that the University has enjoyed a healthy financial position for several years. £100.0 million was borrowed in 2017 to supplement cash reserves earmarked to fund the Estates Master Plan in advance, ensuring the funds required were secured while extremely favourable interest rates were available. Several years of returning healthy surplus results, together with some delays to the delivery of the Master Plan, result in the University continuing to hold significant cash balances. These balances enable long-term planning and delivery of the University's strategic ambitions.

Inflation continues to be a major concern for the sector and the University, affecting all areas of expenditure. This includes spending on staff costs where, as with the rest of the UK economy, there is pressure to continue to increase salaries to match general cost of living increases. Estates-related and IT costs are also impacted by inflation including utilities costs, and there are increases in build costs from external suppliers, who are impacted by their own cost increases. These pressures on expenditure are further exacerbated by the long-term freeze on home full-time undergraduate tuition fees.

The ongoing cost of public sector pension schemes have represented the largest specific cost pressure faced by the University and the Sector in recent years. There are two main defined benefit pension schemes in operation within the University. Employer costs for the Teachers' Pension Scheme (TPS) increased by 5% in April 2024. The Local Government Pension Scheme (LGPS) was revalued as of 31st March 2022 and resulted in a reduction in employer costs from 23.2% to 20.6% from April 2023. The LGPS scheme is currently in surplus with the next triennial valuation due in 2025.

An increasingly competitive environment for both home and international student recruitment. The fall in recruitment of home full-time undergraduate students experienced in 2022/23 remained in 2023/24 and this continues to have a significant negative financial impact. Previously, this was partly mitigated by strong international student recruitment but this reversed in the current year. The fall in international student recruitment, particularly in January 2024, was impacted by immigration policy where international undergraduate and postgraduate taught students are no longer able to bring dependants to the UK, making the UK a less favourable destination for higher education study.

Going concern

The University considers going concern each year, including examination of down-side scenarios which might impact the Group and the parent University's ability to continue to operate for the going concern period. This review is based on the University's financial position, the markets in which it operates, and key risks, including those described above. The responses to these risks and challenges are considered and their potential impact on our ability to continue to operate without the need to materially curtail the nature of our operations or ambitions. The going concern assessment includes monitoring all covenants associated with the Private Placement. These covenants were not breached in 2023/24.

In order to assess the going concern concept through to November 2025, a number of downward scenarios have been modelled and indicate that in 2024/25, if all downsides materialised corrective action would be required to avoid breach of the covenants related to the Private placement. In the unlikely event of the covenants being breached for 2024/25, the University has sufficient cash balances to pay back the loan and remain a Going Concern. Consequently, the Board of Governors is confident that the Group and parent University will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore have prepared the financial statements on a going concern basis.

Conclusion

The University continues to prioritise investments that support the delivery of the strategic aspirations articulated within the University Vision 2030 and Strategy 2025. The University expects that previously accumulated surpluses will be used to support our agreed ambitions for major redevelopment and enhancement of the institution's estate, to ensure we continue to be a successful and financially sustainable University.

The University took immediate action in the year to reduce its cost base when international student intake declined in January 2024 leading to a £22.0 million reduction in predicted international tuition fee income. The Reset programme was formed to reduce the potential financial impact on the University and protect funds held for future investment. The Reset programme delivered £20.0 million in cost savings in the financial year. Further projects are in progress to deliver savings in future years, ensuring the long-term success and financial sustainability of the University.

The University's Annual Report and Accounts can be viewed on our [website](#).

ADDRESSING RISK

The University has a comprehensive and balanced approach to risk management. The University's strategic and operational risk registers are regularly reviewed by the University Executive Board, the Audit and Risk Committee, and the Board of Governors. The Risk Management Policy for 2023/2024 was approved by the Board on 11 October 2023.

The Corporate Risk Register identifies and records the key high-level risks associated with achieving the objectives of the University Strategy 2025. It records those risks that are likely to impede the delivery of strategic objectives and are therefore of strategic significance to the University.

The University continues to mature its approach to risk management. There has been an ongoing review and feedback of the University's approach to risk management during the period, with particular regard to the delivery of the Reset programme and the achievement of the University Vision through effective decision making, prioritisation and efficient resource management. The revised approach includes the following developments:

1. Clear identification of the separation of the corporate strategic and operational risk registers
2. Updating of risk categorisation and corresponding University risk appetite
3. Compilation of project / programme risk registers for key strategic projects
4. Establishment of a risk management forum

This table summarises key strategic risks and the mitigation in place to minimise their impact. The order in which the risks are noted below does not reflect the magnitude of risk.

Risk category	Risk statement	Examples of controls and mitigations
Statutory and regulatory compliance	If the University had poorly assigned accountability and responsibility for compliance and the monitoring of control mechanisms, there is a risk that it would not comply with its statutory and regulatory obligations. Non-compliance could lead to a breach of its registration with the Office for Students (OfS), financial penalties and increased scrutiny from regulatory and professional bodies. The impact could result in a negative perception by partners and students when viewed in light of our competitors.	<p>The University has reviewed its committees' structure to align more closely with the needs of the University and the management of risk. Committees undertake associated activities with each statutory and regulatory area of compliance to enable intervention in the risk of non-compliance.</p> <p>There is a stronger focus on student engagement through the implementation of an Access and Participation Plan and the establishment of Student Support Services.</p> <p>Through its governance structure, the University closely manages scrutiny and modelling of effective responses to OfS policy changes in student access, participation and outcomes.</p>
Financial sustainability	If the University is unable to respond with agility to the financial challenges of the internal and external environments – in particular, uncertainty in government HE policy and funding – this could impact the University's operating capacity, sustainability and academic excellence.	The University's financial plan and budget is reviewed regularly to account for variations against income and the delivery of major projects and programmes. It is received by the Board of Governors and relevant committees of the Board. Reduction in spending and ongoing scrutiny of the financial strength of the University through long-term investment and strategic planning provides clear responsibilities and ownership for all expenditure plans.

Risk category	Risk statement	Examples of controls and mitigations
Research and Innovation (quality and impact)	If the University does not deliver a high-quality research output, through a range of funding grants and a portfolio of collaborations and partnerships, there could be a detrimental impact on financial stability and academic performance. This could impact on the ability to adapt to accessing external routes of funding and collaborations, and a failure to secure research income and educational opportunities.	The University has a Research and Innovation Strategy that incorporates research themes and ensures that there is clear identification of strategic impact benefits. Strategic initiatives have been implemented to improve performance in bidding for research funds and to improve the development of career researchers.
Student recruitment	If the University does not have accessible and available routes for student recruitment, there could be an impact on income growth and the ability to improve high standards of education, student experience and student support. The impact could be a decline in national and international league table rankings and a reduced ability to attract the number and calibre of students and staff.	<p>The University has strategic oversight of student recruitment performance to manage the impact of the changes in government policy of international student recruitment, and has implemented its Access and Participation Plan.</p> <p>The tariff has been reviewed to improve attraction and retention, and virtual visit days have been introduced.</p> <p>Academic Registry has been realigned to student needs, to provide high quality information and advice.</p> <p>The opening of the London Campus and the introduction of medical degrees stimulated new markets and demand.</p>
Student experience	If the University does not maintain a range of courses providing high-quality education, there could be an impact on student recruitment and rates of continuation and completion. The detrimental impact could be on long-term financial stability, a decline in the reputation of the University as an employer of choice, and a decline in league table rankings.	<p>The University maintains a focus on improving student satisfaction through feedback mechanisms and rankings, and has established proactive Student Support Services.</p> <p>The University has developed participation plans to reduce the awarding gap and rates of withdrawal.</p>
Student outcomes	If the University does not offer opportunities for students to develop their global mindset, and does not create an inclusive and diverse environment for students and staff that enhances wellbeing, there could be a detrimental impact on future student employability and an inability for students to reach their full potential.	<p>The University's Equality, Diversity and Inclusion Policy Statement sets out the University's commitment to creating a working, learning, cultural and social community, where colleagues and students feel they belong, are able to reach their full potential, and are treated with dignity and respect.</p> <p>The University has a key focus on skills for employment through internships, volunteering, placements and student enterprise.</p>

‘They offered a year placement and had great connections into the industry, as well as having a genuine, clear care for the students.’

Helen Macdonald, BA (Hons) Television Production

Risk Category	Risk Statement	Examples of Controls and Mitigations
Staff (attraction, retention and management)	If the University does not create an environment of engagement for staff, encourage improved performance and positively address poor performance, then there would be a negative impact on its ability to recruit and retain high-calibre staff, on University operations and levels of student satisfaction.	<p>The University has a comprehensive People Strategy that prioritises nine key themes to develop leadership practice, culture and behaviour and performance. Reward and benefits packages have been developed to support recruitment, retention and competitiveness.</p> <p>There is a strong focus on effective change management and communication to manage the impact of the University’s Reset agenda.</p> <p>The Equality, Diversity and Inclusion Framework is an integral part of the People Strategy.</p>
Physical estate	If the University does not invest in its infrastructure, including student halls of residence, there is a risk to the provision of high-quality modern teaching and learning and excellence in research, and a risk to staff and student wellbeing in their working, learning and living environment. There could be a detrimental impact on student recruitment, excellence in teaching and research, and reputation and increased building maintenance costs.	<p>The University has a phased Estates Masterplan and individual project Boards of the major project and programme activities, controls over building management and construction, prevention of overspend, management of scope creep and delay prevention.</p> <p>Risk registers for programmes and planned maintenance and refurbishment are regularly updated and reviewed.</p>
Digital estate	If the University does not maintain sufficient cyber and information security governance, there is a risk of cyber security and information security breaches. The ability to operate, its reputation and financial stability could be adversely impacted.	<p>The University has developed a Cyber-security plan to include a Security Operations Centre; post-attack recovery; consultancy; structured activity programme; and a dedicated cyber team. There is investment in security technology and staff and student training.</p> <p>The governance structure for information and data security oversees risk exposure and the delivery of improvements.</p>
Environmental sustainability	If the University does not respond in a coherent and sustainable way to managing climate and environmental change, there could be a detrimental impact on the ability to build collaborations and partnerships, and a risk of adversely impacting operations, financial sustainability and reputation.	<p>Sustainability is championed at all levels of the University, led by the University Executive Board, and there is an active programme of investment in climate-positive and sustainable activities and buildings.</p> <p>There is a sustainable procurement strategy and disinvestment in climate-damaging activities. Staff are engaged with sustainability through the Sustainability Working Group that coordinates events and learning opportunities, and supports improvement to process and practice.</p>

Risk Category	Risk Statement	Examples of Controls and Mitigations
Reputation and image	There are a wide range of issues that have the potential to impact negatively on the University's reputation and image such as regulatory non-compliance, and failure to deliver for students and within the civic community or to meet stakeholder expectations. Such reputational issues could have a detrimental impact on student satisfaction and on the University's ability to deliver campus and research projects.	<p>Reputational risks have shared mitigation strategies with other risk categories.</p> <p>Reputational risk is managed by a specific reputational risk management group that maintains effective dialogue with key stakeholders and ensures there is appropriate consultation on key University developments.</p>

PUBLIC BENEFIT

The University of Portsmouth is a Higher Education Corporation and, as such, is an exempt charity regulated by the Office for Students, on behalf of the Charity Commission for England and Wales.

Our primary purpose, as contained in the Higher Education Reform Act 1988 (as amended), is the provision of education, including Higher Education, and carrying out and publishing the results of research. The University also undertakes other activities including knowledge exchange and consultancy.

Our Board of Governors is collectively responsible for determining the mission, vision and strategy of the University and for the direction of its activities. The membership of the Board of Governors, which includes our Vice-Chancellor, as well as staff and student representatives, serve as trustees of the charity. As such, the Board of Governors, as trustees, have due regard to the Charity Commission's general guidance on public benefit.

The University considers our students, at undergraduate and postgraduate levels, to be the primary beneficiaries of our provision of Higher Education. Our presence also delivers wider benefits to the local community by making a significant contribution to the development of education and skills, and to the economy.

Public benefit is at the heart of our Mission 'to create, share and apply knowledge to make a difference to individuals and society'. We aim to engage our students in a life-changing experience which enables them to fulfil their potential, whatever their background.

This is particularly relevant given the relatively low rates of educational attainment and progression in our city and sub-region. In 2021/22, only 54% of those who left 16–18 education in 2019/20 had advanced to a sustained Level 4 or higher destination. This makes Portsmouth one of the lowest-ranking local authorities regionally and nationally on this measure. Through the University of Portsmouth Academy Trust (UPAT), we seek to improve educational outcomes and life chances for local communities in Portsmouth and the Solent region, in partnership with local primary schools.

The University has a long-standing commitment to widening participation and supporting student success, as detailed in our Access and Participation Plan 2020/21 to 2024/25. Expenditure against our Access and Participation plan is detailed in a note to the Financial Statements.

'Fabulous global opportunities. Exceptional career support. Support every step of the way. Excellent student experience. Outstanding teaching.'

Henry Obanya, PhD Ecotoxicology and Environmental Monitoring

Our teaching activity is wide-ranging, including STEM and other subjects of strategic importance regionally and nationally. A significant proportion of our courses are accredited by professional bodies to ensure that our curricula are aligned with current professional standards and that our graduates possess the skills and knowledge to make a positive contribution when they move into work. 94% of our graduates are in work or further study 15 months after graduation.

Our School of Dental Health and Care Professions makes a significant contribution to health and wellbeing within the region by training nurses and other health professionals to work for the NHS locally; while our School of Education, Languages and Linguistics delivers training to primary and secondary teachers.

77% of our research was rated as either world-leading or internationally excellent in the most recent Research Excellence Framework assessment, with wide-ranging impacts on society, health, culture and the environment. The majority of our research activity falls under one or more of our current interdisciplinary research themes, which are focused on issues facing society today: building an inclusive and growth-led economy and society, improving health and wellbeing, protecting our environment, and developing enhanced technologies.

We are a key part of the economic well-being of the city, as demonstrated by a report published by BiGGAR economics in December 2021 which calculated that, in 2019/20, the University generated over £500 million in Gross Value Added, and supported over 7,000 jobs in the region. The same report estimated that our students contributed over £100 million and supported 2,900 jobs in Portsmouth through spending and part-time work.

Furthermore, our students and graduates bring additional benefits to local and regional communities through their involvement in volunteering activities. In 2023/24, over 3,700 student and graduate volunteers were involved in over 126,000 volunteering hours and contributed over £1.2 million to the economy.

THE UNIVERSITY'S STRUCTURE OF CORPORATE GOVERNANCE

Membership

The University's Board of Governors draws its authority from the University's Articles¹ and Instrument of Government², which were formally adopted on 1 January 2020. The majority of Governors are external to the University, and the Board also includes student and staff members, together with the Vice-Chancellor and an elected officer of the Students' Union (both ex officio). The roles of Chair and Deputy Chair of the Board are separate from the role of the University's Chief Executive, which is the Vice-Chancellor.

Governors' Remuneration

Governors receive no remuneration from the University in respect of activities undertaken while acting as a Governor but are paid expenses for travel and subsistence and training in relation to duties undertaken as a consequence of Board membership.

Governors' Insurance

The University maintains insurance for its Governors in respect of their duties as Governors of the institution.

CUC Governance Code of Practice and Principles

The University operates in accordance with the Committee of University Chairs (CUC) Code of Governance and in March 2021 the Board formally adopted the core values of the CUC Code of Governance 2020. The CUC Higher Education Audit Committees Code of Practice was published in June 2020. It was presented to the University Audit and Quality Committee at its September 2020 meeting and the Committee affirmed its commitment to the principles enshrined within the Code.

Responsibilities

The University's Board of Governors is responsible for the ongoing strategic direction of the University and approval of major developments. The Board takes an overview of the inherent risks facing the institution. The Governors discharge the responsibilities set out in the CUC Code of Governance, including responsibilities for the proper conduct of public business, strategic planning, monitoring performance, finance, audit, estate management, charitable status, staffing, the Students' Union, and health and safety. The matters reserved specifically for the Board's decision are set out in the Articles of Government of the University and under the terms and conditions of regulation and funding that are set by the Office for Students (OfS). The Board receives regular reports from executive officers on the day-to-day operations of the University's business and also on the activities of its subsidiary companies.

Statement of Primary Responsibilities

In accordance with the CUC Code of Governance, the Board of Governors maintains a Statement of Primary Responsibilities (updated in February 2022) which summarises the key accountabilities of the Governors.

In January 2024 the Board reviewed its business against the model Statement of Primary Responsibilities to ensure continued compliance with the suggested 19 responsibilities outlined in the CUC Code, including processes to monitor and evaluate the performance and effectiveness of the Board of Governors itself. The Board will receive an annual assurance report that summarises the business that it has conducted to discharge the Statement of Primary Responsibilities.

The current Statement of Primary Responsibilities confirms that the Board of Governors shall be responsible for the following:

¹ The Articles of Government can be found at: <http://policies.docstore.port.ac.uk/policy-097.pdf>

² The Instrument of Government can be found at: <https://policies.docstore.port.ac.uk/policy-096.pdf>

Strategy

Approving the mission and strategic vision of the institution, including the determination of the educational character and mission of the University; oversight of its activities, long-term business plans, key performance indicators and annual budgets, and ensuring that these meet the interests of stakeholders; enabling the institution to achieve and develop its primary objectives of teaching and research, including considering and approving the institution's Strategy which sets the academic aims and objectives of the institution and identifies the financial, physical and staffing strategies necessary to achieve these objectives.

Vice-Chancellor

Appointing the head of the institution as its Vice-Chancellor and Chief Executive Officer and establishing suitable arrangements for monitoring their performance.

Clerk to the Board of Governors

Appointing the Clerk to the Board of Governors and establishing suitable arrangements for monitoring their performance.

Senior Postholders

The appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts, including the Vice-Chancellor.

Staff

Setting a framework for the pay and conditions of service of all other staff.

Stewardship

Ensuring the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment; clear procedures for handling internal grievances and for managing conflicts of interest; the effective and efficient use of resources; the solvency of the University and for safeguarding its assets; approving annual estimates of income and expenditure; and approving annual actuals of income and expenditure.

Monitoring

Monitoring institutional performance regularly against its planned strategies and operational targets and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other institutions.

Corporate Governance

Observing the highest standards of corporate governance, including ensuring and demonstrating integrity and objectivity in the transaction of Board business, and wherever possible following a policy of openness and transparency in the dissemination of Board decisions.

Audit

Directing and overseeing the institution's arrangements for internal and external audit.

Estates and Information Technology

Oversight of the strategic management of the institution's land and buildings and the resources to support information technology. As part of this responsibility it considers, approves and keeps under review:

- an estate strategy which identifies the property and space requirements needed to fulfil the objectives of the institution's strategy, and also provides for a planned programme of maintenance;
- an Information Services strategy which identifies the hardware and software requirements and the related business processes and infrastructure needed to fulfil the objectives of the institution's strategy, and provides for a planned programme of maintenance.

Students' Union

To take such steps as are reasonably practicable to ensure that the Students' Union operates in a fair and democratic manner and is accountable for its finances (Education Act 1994).

Health and Safety

Safeguarding the health and safety of employees, students and other individuals whilst on the institution's premises and in other places where they may be affected by its operations, including ensuring that the institution has a written statement of policy on health and safety and arrangements for the implementation of that policy (Health and Safety at Work Act 1974).

Equality and Diversity

Ensuring the University provides an inclusive environment for work and study through embedding diversity and equality into all University activities, particularly in those core functions and activities that directly affect staff and students at work and study.

Board's Responsibilities

In accordance with The Articles of Government, the Board of Governors shall be responsible for:

- the determination of the educational character and mission of the University;
- the financial sustainability and viability of the University including approving the annual budget and financial forecast and the annual statement of income and expenditure;
- the effective and efficient use of the University's resources and the safeguarding of its assets;
- upholding the Regulator's public interest governance principles and complying with its conditions of registration and any other requirements of the Regulator and its other regulators; and
- the appointment, appraisal, suspension, dismissal and for determining the remuneration of and terms and conditions of service of the Vice-Chancellor, the Clerk to the Board of Governors and other senior postholders.

Board and Committee Meetings

The Board normally holds five meetings per year and has several standing committees. All of the committees are formally constituted with terms of reference and are chaired by an external governor. The committees are Audit and Risk Committee; Infrastructure and Finance Committee; People, Culture and Engagement Committee; Nominations Committee; and the two Remuneration Committees (the Vice-Chancellor's Remuneration Committee and the Senior Postholders' Remuneration Committee).

Audit and Risk Committee

This Committee normally meets four times a year with the External Auditors and Internal Auditors of the University and reviews their work. The Committee has responsibility for overseeing the development and implementation of risk management. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control, including business, operational and compliance controls in addition to financial controls, management's response thereto and implementation plans. In addition, it considers matters relating to academic quality assurance. It also receives and considers reports from the OfS as they affect the University's business and monitors adherence to regulatory requirements.

It reviews the University's annual financial statements together with the accounting policies. The Committee has responsibility for overseeing the University's compliance with relevant legislation and good practice in health and safety and for confirming and promoting Value for Money. Whilst senior executives attend meetings of the Audit and Risk Committee, they are not members of the Committee and the Committee's terms of reference provide that members have a regular opportunity to meet on their own with the External and Internal Auditors for independent discussions.

Infrastructure and Finance Committee

This Committee examines and monitors, on behalf of the Board, all areas of the University's financial policy and strategy and makes recommendations and proposals and provides advice to the Board on these matters. It reviews the University's financial statements and financial forecasts and advises the Board upon their approval. As part of its remit, it also recommends to the Board the University's annual revenue and capital budgets and monitors performance against the approved budgets. This Committee is also responsible for oversight of the strategic planning of the University's estate and its information technology infrastructure, including the formulation and oversight of the delivery of the Estate Masterplan and Information Services Strategy.

People, Culture and Engagement Committee

The purpose of this Committee is to support the delivery of the University Strategy by overseeing and evaluating how the University utilises and enhances the skills, experience and behaviour of staff to create and sustain a University-wide culture of ambition, high performance and active engagement. It oversees the 'people contribution' to the University Strategy by gaining assurance that the University is deploying and engaging its staff effectively to deliver its strategic imperatives and ensures that all have opportunities to contribute and engage in activities that facilitate the delivery of the University Strategy.

Nominations Committee

This Committee considers and recommends nominations for appointments to the Board, in support of the Board's responsibility to determine and prescribe in Regulations its membership numbers and composition, as stated in the Instrument of Government. It also oversees succession planning for governors. It ensures that there is a balance of required skills and attributes amongst governors to enable the Board to meet its primary responsibilities, effectively oversee and scrutinize the work of the Executive and secure stakeholder confidence.

Vice-Chancellor's Remuneration Committee and Senior Postholders' Remuneration Committee

These two Committees separately determine the annual remuneration of the Vice-Chancellor and senior postholders. The Committees support the Board's responsibility to appoint, appraise and determine the remuneration and terms and conditions of service of the Vice-Chancellor, the Clerk to the Board of Governors and other senior postholders (a separate report on the Remuneration Committees is provided later in this document).

Internal Control

The adequacy and effectiveness of arrangements for corporate governance, risk management and oversight of any statutory and other regulatory responsibilities, including compliance with the OfS' ongoing conditions of registration and any terms and conditions of funding, are ensured through ongoing oversight and review to ensure that they remain fit-for-purpose. This is achieved through a range of review mechanisms including those undertaken internally and by external parties, including the internal and external auditors. The Board is ultimately responsible for these arrangements but discharges detailed review and monitoring to sub-committees and management under a Scheme of Delegation.

These arrangements allow the University to ensure propriety and regularity in the use of public funding. This is achieved through the operation of frameworks and policies, including the Financial Regulations (updated in July 2024) and policies covering issues such as travel and expenses; declarations of interest; gifts and hospitality; anti-bribery; anti-money laundering; counter-fraud; credit control; and whistleblowing.

The key elements of the University's system of internal control, which is designed to support the Board of Governors in carrying out its responsibilities, include:

- Clear definitions of the responsibilities of, and the authority delegated to, senior officers of the University.
- A comprehensive annual planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets.

- A regular review of institutional performance and of financial results, involving variance reporting and updates of forecast out-turns.
- Clearly defined and formalised requirements for approval and control of expenditure.
- Procedures for the management of investment and risk.
- A professional internal audit service delivered under terms of reference which reflect guidance issued by the OfS, and whose annual programme is approved by the Audit and Risk Committee.

The Audit and Risk Committee is responsible for meeting, at least quarterly, with the external auditors and the internal audit service, and reviewing their work.

The Board of Governors' review of the effectiveness of the system of internal control is also informed by the University Executive Board, which has responsibility for the oversight of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Risk Management

The Risk Management Policy was approved by the Board of Governors in October 2023 and is reviewed annually. The maintenance and update of the Risk Register is the responsibility of the Executive Director of Corporate Governance working in conjunction with the Head of Strategic Planning. As one means of complying with the key principles of risk management, all committees of the Board of Governors conduct their work in the context of the University Strategy and the Risk Management Policy. In essence, committees will examine the inherent risks in the context of the strategic objectives that pertain to their remit and as they contribute to the University Strategy. The Audit and Risk Committee is responsible for oversight of risk management and for advising the Board on the effectiveness of risk management processes.

REMUNERATION COMMITTEES

The University has two remuneration committees. These are the senior postholders' remuneration committee and the Vice-Chancellor's remuneration committee.

The Vice-Chancellor's salary is set each year (2023/2024 in this instance) by the Vice-Chancellor's Remuneration Committee by reference to the previous financial year (2022/2023 in this instance). The Vice-Chancellor is not a member of this Committee and does not attend its meetings.

The Operating Context

The Vice-Chancellor leads a University that in 2022/2023:

- (i) Produced an income of c.£312.4 million.
- (ii) Achieved its second TEF Gold award, being one of only five universities in the South East region to be rated gold, along with the universities of Oxford, Chichester, Solent and the Open University. One of only 16 universities awarded Gold in both TEF exercises.
- (iii) Achieved a positive increase in the Guardian University Guide from 67th to 33rd and ranked in the Top 10 of Young Universities in the UK.
- (iv) Retained its position in the World University Rankings (401–500) with positive increases in research quality and environment, teaching and international outlook.
- (v) Achieved top 50 in the Complete University Guide (49th) and a positive increase of over 200 places in the World University Rankings.
- (vi) Ranked 27th in England for 'teaching on my course' in the National Student Survey 2024: 17th for learning resources and 19th for academic support. At a course level, 14 courses achieved 100% satisfaction in at least one NSS category.
- (vii) 94% of UK full-time graduates progressed to employment or further study 15 months after graduation.
- (viii) Achieved the Athena SWAN Silver Award.

Process for Assessing Value and Performance

Framework for Setting the Pay of Senior Postholders

The Vice-Chancellor's remuneration is set in accordance with the Framework for Setting the Pay of Senior Postholders. This is reviewed and, if necessary, updated each year. When making changes to the salaries of senior staff the University will take account of:

- (i) Sustained performance and contribution during the preceding year(s). The performance of individual postholders will be formally reviewed each year, mirroring the University's PDR process that applies to all staff. Any senior postholder identified as requiring significant improvement in their performance would not receive any pay increase in the relevant year.
- (ii) Any material changes in roles and responsibilities since the previous review period.
- (iii) The percentage increase in salary awarded to staff on national payscales as a consequence of national negotiations.
- (iv) The average percentage increase in salary received by staff on national payscales to reflect incremental pay progression.

- (v) Maintaining the relative value of salaries when compared with benchmarking data in the annual UCEA survey of senior staff remuneration within the higher education sector, with a particular focus on:
- All higher education institutions with a turnover of £280 million to £400 million.
 - All post-92 higher education institutions with a turnover of £280 million to £400 million.
 - All higher education institutions in London and the South East of England with a turnover of over £200 million.
- (vi) The overall affordability of any proposed increases to senior salaries, taking into account both the University's financial performance and the need to offer salaries that compare favourably with competitor institutions.
- (vii) The University will review and moderate the pattern of increases across all senior postholders in order to ensure fairness and consistency.

The Framework also states that:

- (i) In occasional instances of truly exceptional performance in delivering the strategic imperatives of the University, a senior postholder may be considered for a non-consolidated special payment, in recognition of their achievement.
- (ii) The University will ensure that its highest-paid staff member will not earn more than 20 times the full-time equivalent salary of its lowest-paid staff member.
- (iii) The University will monitor the ratio between the highest-paid member of staff and the median pay level across the University. This ratio should reflect other comparable universities and the earnings multiple should not exceed 10:1.

The [Framework](#) is published on the University's website.

Assessment of Value and Performance

Contextual Information

To enable the Vice-Chancellor's Remuneration Committee to assess the value and performance delivered by the Vice-Chancellor, the following contextual information is provided to the Committee:

- (i) A narrative based on the discussions conducted at the Vice-Chancellor's personal development review (PDR) meeting with the Chair and Deputy Chair, or other external member of the Board of Governors.
- (ii) An assessment of achievement against the Vice-Chancellor's personal objectives for the reporting year.
- (iii) A summary of the salary and benefits received by the Vice-Chancellor.
- (iv) Details of the remuneration received by the Vice-Chancellor in previous years.
- (v) CUC and UCEA comparator data.
- (vi) Lowest-paid staff member pay ratio and median pay rate ratio data for the University.

In addition, the Chair of the Board of Governors formally writes to all governors to invite comments, feedback and observations on the Vice-Chancellor's performance.

Judgement of Performance

In reaching their decision, the Vice-Chancellor's Remuneration Committee concluded that:

- (i) Comments, feedback and observations on the Vice-Chancellor's performance from governors confirmed that it was their view that the Vice-Chancellor had attained a high level of performance throughout the 2022/23 reporting year and had demonstrated a huge degree of commitment to delivering the University's strategic objectives.

- (ii) There had been some excellent achievements during the period including the development of the London Campus and the Medical School.
- (iii) The Vice-Chancellor had effectively led the University's achievement of a second TEF Gold award, the University being one of only five universities in the South East region to be rated gold, along with the universities of Oxford, Chichester, Solent and the Open University. The University being 1 of only 16 universities awarded Gold in both TEF exercises.
- (iv) It was noted that although student recruitment had been challenging during the period, the University had experienced a significant uplift in its positions in the Guardian and Complete University Guide league tables. The University had also performed very positively in this year's NSS, being ranked 17th for learning resources (89% compared to a sector average of 86%) and 19th of all universities in England for academic support (87% compared to a sector average of 84%).
- (v) It was acknowledged that this was an exceptionally difficult time to be a Vice-Chancellor of a modern university but that, despite these challenges, the Vice-Chancellor had continued to maintain his energy, drive and vision which was critical for the success of the University.

Having discussed and taken account of all relevant factors and especially the requirements of the Framework for Setting the Pay of Senior Postholders, the Vice-Chancellor's Remuneration Committee agreed that the Vice-Chancellor should receive a salary of £320,881 with effect from 1 August 2023. This is an increase of 5%, made to reflect a modest increase in the prevailing circumstances.

Other Benefits

Health Insurance

The Vice-Chancellor receives family healthcare insurance cover under the Universities and Colleges Corporate Healthcare Scheme. This insurance cover is available to all senior postholders of the University. The cost to the University of providing this cover was £1,862.25 in calendar year 2023. It is a taxable benefit and the Vice-Chancellor pays tax upon this.

Pension Allowance

The University allows any member of staff who can demonstrate that they have met their maximum lifetime pension allowance to opt-out of their pension scheme and, instead, receive a pension allowance from the University in lieu of pension contributions. The Vice-Chancellor has availed himself of this option and received annual allowances as at 1st August 2022 of £61,965.72 rising to £62,035.80 from 1st October 2022, £62,727.00 from 1st November 2022 and £63,999.24 from 1st February 2023 in lieu of pension contributions from the University¹. As at 1st August 2023 the expected pension allowance was calculated as £65,571.24 for the 2023/24 financial year.

The Vice-Chancellor also participates in an excepted group life assurance scheme which replicates the current life insurance benefits provided by membership of the pension scheme. This is available to all staff in receipt of a pension allowance from the University. The cost of this scheme that relates to the Vice-Chancellor is £907.08 per annum for the year from 1st October 2023 and this is paid for by the Vice-Chancellor through deduction from his pension allowance payment and reflected in the above figure.

¹ Changes in pension allowances due to variations in National Insurance requirements and February 2023 interim pay award.

TRADE UNION FACILITY TIME

The University has a statutory requirement under The Trade Union (Facility Time Publication Requirements) Regulations 2017 to publish information on trade union facility time annually.

This information is not subject to audit and is required by statute to be produced to year end 31st March (i.e. not the financial year end date).

Data for the reporting period 1 April 2023 to 31 March 2024 is as follows:

Trade Union representatives and full-time equivalents

Number of employees who were relevant union officials during the relevant period	21.0
FTE number of trade union representative for this period	3.05

Percentage of working hours spent on facility time

Number of trade union representatives employed during the relevant period spending a) 0%, b) 1%–50%, c) 51%–99% or d) 100% of their working hours on facility time

0% working hours	0
1% to 50% working hours	18
51% to 99% working hours	3
100% working hours	0

Percentage of pay bill spent on facility time

Total cost of facility time	£141,721
Total pay bill	£165,691,991
Percentage of the total pay bill spent on facility time	0.09%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	n/a
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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF PORTSMOUTH

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the University of Portsmouth ("the University") for the year ended 31 July 2024 which comprise the Consolidated and Institution Statement of Comprehensive Income and Expenditure, Consolidated and Institution Statement of Changes in Reserves, Consolidated and Institution Statement of Financial Position, Consolidated Statement of Cash Flows, and related notes, including the Statement of Principal Accounting Policies.

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 2024, and of the Group's and of the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Board of Governors has prepared the financial statements on the going concern basis as it does not intend to liquidate the Group or the University or to cease their operations, and as it has concluded that the Group and the University's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board of Governors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and the University's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board of Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the Board of Governors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the University's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the University will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assess events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management, the Audit and Risk Committee, internal audit and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit and Risk Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet loan covenants and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as pension assumptions. In this audit we do not believe there is a fraud risk related to revenue recognition due to the non-complex revenue recognition criteria, which limits the opportunity to fraudulently manipulate revenue.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related higher education legislation), taxation legislation, and pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group’s license to operate. We identified health and safety, data protection laws, employment law, and compliance with regulatory requirements of the Office for Students as those most likely to have such an effect, recognising the nature of the Group’s

activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on the University's use of funds in the section of our audit report dealing with other legal and regulatory requirements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Board of Governors is responsible for the other information, which comprises the information included in the Financial Review other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Board of Governors' responsibilities

As explained more fully in its statement set out on page 26, the Board of Governors is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 it either intends to liquidate the Group or the University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students (“the Accounts Direction”).

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, 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; and
- the financial statements meet the requirements of the Accounts Direction.

Matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students’ director of fair access and participation and the results of our audit work indicate that the Group’s and the University’s expenditure on access and participation activities for the financial year disclosed in note 10 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group’s and the University’s grant and fee income, as disclosed in note 4 to the financial statements has been materially misstated.

We have nothing to report in these respects.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Board of Governors in accordance with Section 10 of the Articles of Government. Our audit work has been undertaken so that we might state to the 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 Board of Governors for our audit work, for this report, or for the opinions we have formed.



Harry Mears
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Tollgate
Chandler’s Ford
Eastleigh, Hampshire
SO53 3TG
3 December 2024

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

General

The University of Portsmouth is a higher education corporation and an exempt charity under the Charities Act 2011. Its registered office and principal place of business is University House, Winston Churchill Avenue, Portsmouth, PO1 2UP.

Basis of Preparation

These financial statements have been prepared 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. The financial statements are prepared in accordance with the historical cost convention (as modified by financial instruments measured at fair value). Under the disclosure exemption provided by FRS102, a separate University only cash flow has not been prepared.

Going Concern

The financial statements have been prepared on a going concern basis which the Board of Governors considers to be appropriate for the following reasons.

The Board of Governors has prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements (the going concern period), which indicate that, taking account of down-side scenarios, including the impact of the student recruitment and pay and non-pay inflation, the Group and parent University will have sufficient funds to meet their liabilities as they fall due for that period.

The University considers going concern each year, including examination of down-side scenarios which might impact the Group and the parent University's ability to continue to operate for the going concern period. This review is based on the University's financial position, the markets in which it operates and also the key risks, including those described above, that it faces. The responses to these risks and challenges are considered and their potential impact on our ability to continue to operate without the need to materially curtail the nature of our operations or ambitions.

Consequently, the Board of Governors is confident that the Group and parent University will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Basis of Consolidation

The consolidated financial statements include the University and all its subsidiary companies for the financial year to 31 July 2024.

The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions.

Income Recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount (e.g. alumni or employee), income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure, and not deducted from income.

Investment income is credited to the Consolidated Statement of Comprehensive Income and Expenditure on an accruals basis.

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

Grant Funding

Grant funding including funding council block grant, research grants from government sources, and 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.

Donations and Endowments

Non-exchange transactions without performance-related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions, at which point the income is released to general reserves through a reserve transfer. Donations with no restrictions are recognised in income when the University is entitled to the funds.

Endowment income is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restrictions applied to the individual endowment fund. There are four main types of donations and endowments identified within reserves:

1. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
2. Restricted donations – the donor has specified that the donation must be used for a particular objective.
3. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital Grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance-related conditions being met.

Accounting for Retirement Benefits

The two principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) and the Hampshire County Council-administered Local Government Pension Scheme (LGPS). The TPS is an unfunded scheme where no assets are set aside, and the benefits are paid for by the employer as and when they fall due. Therefore, this scheme is accounted for as a defined contribution scheme. The LGPS is accounted for under the terms of a defined benefit scheme. The schemes are externally administered and contracted out of the State Earnings-Related Pension Scheme.

The TPS is valued every five years by the Government Actuary. The LGPS is valued every three years by an independent actuary using a market-led approach, the rates of contribution payable being determined by the actuary.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the University pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University.

The Group recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method.

Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

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 service 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.

Finance Leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability and depreciated over the shorter of the lease term and their useful lives. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Foreign Currencies

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit (except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in Other Comprehensive Income).

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2019 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. The revaluation was performed by qualified quantity surveyors based upon their independent review of the estate and supporting information from the University. At this time, the estimated useful lives of the buildings were reviewed and updated based upon an assessment of the age and condition of the estate.

An annual review of buildings is undertaken to determine if there have been any indicators of impairment in the accounting period.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and Buildings

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful lives (maximum 50 years).

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

Equipment (including Fixtures, Fittings, Plant and Machinery)

Equipment costing less than £15,000 per individual item, or group of related items, is written off in the year of acquisition except where it forms part of the IT infrastructure. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

Equipment:

AV Equipment	3 years
IT Infrastructure	5 years
Other Equipment	5 years
IT Systems	5 or 10 years
Specialist Scientific Equipment	10 years
Vehicles	5 years

Assets are depreciated on a straight-line basis. Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

Borrowing Costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of that fixed asset.

Intangible Assets and Goodwill

Intangible assets are amortised over 10 years representing the remaining estimated economic life of the assets.

Goodwill and intangible assets are subject to periodic impairment reviews as appropriate.

Investments

Investments in subsidiaries are carried at cost-less impairment in the University's accounts.

Current asset investments are held at fair value with movements recognised in the Statement of Comprehensive Income and Expenditure.

Stocks

Stock is held at the lower of cost and net realisable value and is measured using an average cost formula.

Cash and Cash Equivalents

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

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with an insignificant risk of a change in value.

Financial Instruments

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

All receivables, payables and investments in subsidiaries are initially measured at transaction price (including transaction costs) and held at amortised cost, except for those financial instruments classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Debt instruments which meet the conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method. Other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss. The fair value for the private placement bond (non-basic element only) was calculated using credit risk spreads and considering similar financial instruments held by other institutions.

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

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

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the University transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the University, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in the financial statements when:

- (a) The University has a present obligation (legal or constructive) as a result of a past event;
- (b) It is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) A reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision, where material, is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computation periods different from those in which they are included in financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

Reserves

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

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

Accounting Estimates and Judgements

The following are the critical judgements that the University has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Pension provision assumptions:

Retirement benefits for University employees are provided by two defined benefit schemes; the Teachers' Superannuation Scheme (an unfunded Government scheme) and the Hampshire Local Government Pension Scheme (LGPS). In the case of the latter, the University is able to identify its share of the underlying assets and liabilities on a consistent basis and provides for these in the financial statements in accordance with FRS 102.

All relevant calculations are based on information provided by the Scheme's actuaries (Hymans Robertson) and this information is based on a number of key assumptions. Key among these is the discount rate which is used for the calculation of the defined benefit liabilities. The rate is assumed to be equal to the yield on high quality (AA rated) corporate bonds. Other assumptions include estimated future pay increases, scheme membership numbers and mortality. Pension liabilities by their very nature include significant estimates and judgements; the appropriate sensitivity analysis by the scheme actuaries has been provided.

Whilst the valuation of the private placement bond involves a degree of estimation, the University does not consider this to have a material effect on the financial statements.

University of Portsmouth
Consolidated and Institution Statement of Comprehensive Income and Expenditure
for the year ended 31 July 2024

	Note	Year ended 31 July 2024		Year ended 31 July 2023	
		Consolidated £000	University £000	Consolidated £000	University £000
Income					
Tuition fees and education contracts	1	219,381	219,069	239,866	239,659
Funding body grants	2	31,532	31,532	30,542	30,542
Research grants and contracts	3	11,031	10,688	13,308	12,696
Other income	5	22,023	21,564	18,492	18,133
Investment income	6	15,994	15,918	10,095	10,086
Donations and endowments	7	299	299	135	135
Gain on currency Swap*		2,780	2,780	0	0
Total Income		303,040	301,850	312,438	311,251
Expenditure					
Staff costs	8	170,052	169,030	176,056	175,751
Other operating expenses		88,773	88,888	111,797	111,040
Depreciation	13	33,394	32,592	21,240	21,148
Interest and other finance costs	9	3,027	3,025	3,001	2,990
Finance charge in respect of pension scheme		(102)	(102)	2,728	2,728
Total Expenditure	11	295,144	293,433	314,822	313,657
Operating Surplus/(Deficit)		7,896	8,417	(2,384)	(2,406)
Loss on disposal of fixed assets	13	(6,974)	(6,974)	0	0
Gain/(Loss) on investments	14, 16, 23	3,124	2,309	(2,281)	(2,281)
Surplus/(Deficit) after other gains and losses		4,046	3,752	(4,665)	(4,687)
Technical adjustment in relation to fair value of loan notes**		(13,196)	(13,196)	5,945	5,945
(Deficit)/Surplus before tax		(9,150)	(9,444)	1,280	1,258
Taxation	12	18	0	22	0
(Deficit)/Surplus for the year		(9,168)	(9,444)	1,258	1,258
Actuarial (loss)/gain in respect of pension schemes	30	(2,030)	(2,030)	85,235	85,235
Total comprehensive (expenditure)/income for the year		(11,198)	(11,474)	86,493	86,493
Represented by:					
Endowment comprehensive income/(expenditure) for the year	23	199	199	(70)	(70)
Unrestricted comprehensive (expenditure)/income for the year		(11,397)	(11,673)	86,563	86,563
		(11,198)	(11,474)	86,493	86,493

All items of income and expenditure relate to continuing activities.
The accompanying notes and policies on pages 51 to 64 form part of these financial statements.

* The gain relates to the breakage of a currency Swap in relation to the £30m private placement bond repayment in the year ended 31 July 2024.

** The technical adjustment relates to the fair value movement on the private placement bond; this is not part of the operating surplus. As the cashflows over the life of the loan are contractually fixed, except in the event of an early repayment, the change in fair value of the loan notes does not indicate any change in the cashflows payable by the University over the life of the borrowings.

University of Portsmouth
Consolidated and Institution Statement of Changes in Reserves
for the year ended 31 July 2024

	Note	Income and expenditure account		Total
		Endowment (note 23) £000	Unrestricted £000	
Consolidated				
Balance at 1 August 2022		2,948	428,187	431,135
Surplus for the year		(70)	1,328	1,258
Actuarial gain in respect of pension scheme	30	0	85,235	85,235
Total comprehensive income for the year		(70)	86,563	86,493
Balance at 1 August 2023		2,878	514,750	517,628
Deficit for the year		199	(9,367)	(9,168)
Actuarial loss in respect of pension scheme	30	0	(2,030)	(2,030)
Total comprehensive expenditure for the year		199	(11,397)	(11,198)
Balance at 31 July 2024		3,077	503,353	506,430

University

Balance at 1 August 2022		2,948	427,760	430,708
Surplus for the year		(70)	1,328	1,258
Actuarial gain in respect of pension scheme	30	0	85,235	85,235
Total comprehensive income for the year		(70)	86,563	86,493
Balance at 1 August 2023		2,878	514,323	517,201
Deficit for the year		199	(9,643)	(9,444)
Actuarial loss in respect of pension scheme	30	0	(2,030)	(2,030)
Total comprehensive expenditure for the year		199	(11,673)	(11,474)
Balance at 31 July 2024		3,077	502,650	505,727

The accompanying notes and policies on pages 51 to 64 form part of these financial statements.

University of Portsmouth
Consolidated Statement of Cash Flows
for the year ended 31 July 2024

	Note	Year ended 31 July 2024 Consolidated	Year ended 31 July 2023 Consolidated
		£000	£000
Cash flow from operating activities			
(Deficit)/Surplus for the year		(9,168)	1,258
Adjustments for non-cash items			
Depreciation	13	33,394	21,240
Change in fair value of loan notes		13,196	(5,945)
(Gain)/Loss on endowments and investments		(3,124)	2,281
Decrease in stock		73	12
Decrease/(Increase) in debtors		6,376	(6,342)
(Decrease)/Increase in creditors		(21,170)	11,611
Net pensions cost for the year	30	(2,030)	7,153
		<u>26,715</u>	<u>30,011</u>
Adjustment for investing or financing activities			
Investment income		(15,994)	(10,095)
Interest payable		3,027	3,001
Endowment net income		(1)	(2,211)
Loss on disposal of fixed assets	13	6,974	0
Capital grant income		(4,724)	(3,019)
		<u>(10,718)</u>	<u>(12,324)</u>
Taxation paid		(18)	(22)
Net cash inflow from operating activities		<u>6,811</u>	<u>18,923</u>
Cash flows from investing activities			
Net movement of current asset investments	16	4,313	(28)
Net movement of short term deposits	17	83,500	(25,187)
Investment income		15,994	10,095
Deferred capital grants received		6,957	(958)
Payments made to acquire fixed assets	13	(38,399)	(22,347)
Net movement of non-current asset investments		(1)	(2,123)
		<u>72,364</u>	<u>(40,548)</u>
Cash flows from financing activities			
Interest paid	9	(3,027)	(3,001)
Endowment cash received		1	2,211
New endowment deposits		0	0
Repayment of amounts borrowed		(30,000)	0
		<u>(33,026)</u>	<u>(790)</u>
Increase/(Decrease) in cash and cash equivalents in the year		<u>46,149</u>	<u>(22,416)</u>
Cash and cash equivalents at the beginning of the year		<u>24,331</u>	<u>46,747</u>
Cash and cash equivalents at the end of the year		<u>70,480</u>	<u>24,331</u>

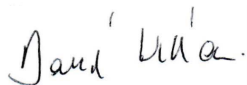
The accompanying notes and policies on pages 51 to 64 form part of these financial statements.

University of Portsmouth
Consolidated and Institution Statement of Financial Position
as at the year ended 31 July 2024

	Note	Year ended 31 July 2024		Year ended 31 July 2023	
		Consolidated £000	University £000	Consolidated £000	University £000
Non-current assets					
Tangible fixed assets	13	382,633	381,032	384,602	382,211
Investments	14	2,841	5,149	2,665	5,488
		385,474	386,181	387,267	387,699
Current Assets					
Stock		180	180	253	253
Trade and other receivables	15	27,416	27,501	33,792	33,829
Investments	16	61,482	61,482	62,846	62,846
Short term deposits	17	158,000	158,000	241,500	241,500
Cash and cash equivalents		70,480	68,392	24,331	22,943
		317,558	315,555	362,722	361,371
Less: Creditors: amounts falling due within one year	18	(75,081)	(74,488)	(94,873)	(94,381)
Net current assets		242,477	241,067	267,849	266,990
Total assets less current liabilities		627,951	627,248	655,116	654,689
Creditors: amounts falling due after more than one year					
Deferred grant income	19	(53,022)	(53,022)	(51,885)	(51,885)
Unsecured loans	19	(68,499)	(68,499)	(85,603)	(85,603)
Provisions					
Pension provision	22	0	0	0	0
Total net assets		506,430	505,727	517,628	517,201
Restricted reserves					
	24	3,077	3,077	2,878	2,878
Unrestricted reserves					
Income and expenditure reserve - unrestricted		503,353	502,650	514,750	514,323
Total Reserves		506,430	505,727	517,628	517,201

The accompanying notes and policies on pages 51 to 64 form part of these financial statements.

These financial statements were approved by the Board of Governors on 27 November 2024.



D Willan
Chair of The Board of Governors



G Galbraith
Governor & Vice-Chancellor

University of Portsmouth
Financial Statements for the Year Ended 31 July 2024
Notes to the Financial Statements

1 Tuition fees and education contracts

Full-time home students
Full time EU students
Full-time international students
Part-time students
Education contracts
Franchise fee income
Short courses and Research Training Support Grants

Year ended 31 July 2024		Year ended 31 July 2023	
Consolidated	University	Consolidated	University
£000	£000	£000	£000
110,366	110,366	119,769	119,769
4,939	4,939	6,784	6,784
81,829	81,829	92,240	92,240
12,572	12,572	11,933	11,933
5,332	5,332	5,325	5,325
2,860	2,860	2,420	2,420
1,483	1,171	1,395	1,188
219,381	219,069	239,866	239,659

2 Funding council grants

Recurrent grants

Office for Students
Research England
Release of capital grant

Specific grants

Higher Education Innovation Fund
Miscellaneous
Department for Education
Education and Skills Funding Agency

12,957	12,957	13,353	13,353
10,694	10,694	11,310	11,310
4,624	4,624	2,915	2,915
2,709	2,709	2,539	2,539
472	472	360	360
25	25	0	0
51	51	65	65
31,532	31,532	30,542	30,542

3 Research grants and contracts

Research councils
UK charities
UK Government/health authorities
Industry and commerce
EU Government
EU other
Other overseas
Other

4,616	4,616	4,495	4,495
840	840	1,399	1,399
2,738	2,600	2,414	2,325
1,063	870	1,649	1,167
672	672	1,876	1,876
195	183	240	240
847	847	1,193	1,172
60	60	42	22
11,031	10,688	13,308	12,696

4 Grant and fee income

The source of grant and fee income, included in notes 1 to 3 is as follows:

Grant income from the Office for Students
Grant income from other bodies
Fee income for research awards
Fee income from non-qualifying courses
Fee income for taught awards

17,581	17,581	16,268	16,268
24,982	24,639	27,582	26,970
2,577	2,577	3,267	3,267
2,637	2,325	2,959	2,752
214,167	214,167	233,640	233,640
261,944	261,289	283,716	282,897

5 Other income

Residences, catering and conferences
Contract income
Other income

7,251	7,251	6,822	6,822
3,514	2,791	4,042	3,396
11,258	11,522	7,628	7,915
22,023	21,564	18,492	18,133

6 Investment income

Interest from short term investments
Investment income on endowments

15,910	15,834	10,015	10,006
84	84	80	80
15,994	15,918	10,095	10,086

7 Donations and endowments

Donations with restrictions
Unrestricted donations

1	1	0	0
298	298	135	135
299	299	135	135

University of Portsmouth
Financial Statements for the Year Ended 31 July 2024
Notes to the Financial Statements (continued)

8 Staff costs

	Year ended 31 July 2024		Year ended 31 July 2023	
	Consolidated £000	University £000	Consolidated £000	University £000
Staff Costs:				
Salaries	130,370	129,463	130,741	130,471
Social security costs	13,345	13,281	13,225	13,211
Apprenticeship levy	610	608	608	608
Other pension costs (note 30)	25,727	25,678	31,482	31,461
Total	170,052	169,030	176,056	175,751

Where an employee gives written notice that he or she intends to withdraw from the Teachers' Pension Scheme or the Local Government Pension Scheme because they have reached the maximum Lifetime Allowance and/or are at a threshold income level that would be adversely affected by the tapered annual allowance, the employers pension contribution is replaced with a payment of equivalent value. The value of this payment is adjusted so that it is cost neutral to the University, allowing for the associated employers' national insurance contribution.

Average full time equivalent staff numbers by major category:

	Number	Number
Academic and Research	1,288	1,347
Technical, Administrative and Professional	1,341	1,431
	2,629	2,778
	£000	£000
Emoluments of the Vice-Chancellor:		
Basic salary	321	312
Taxable benefits in kind	2	1
	323	313
Pension allowance in lieu of pension contributions	70	63
Employer's contribution to the Teachers Pension Scheme	0	0
Total emoluments including employer's contribution to the Teachers Pension Scheme	393	376

Higher paid staff:

Basic salary plus taxable benefits of other higher paid staff, including consultancy payments made in respect of work undertaken through the University's subsidiary companies.

	Number	Number
£100,000 - £104,999	14	13
£105,000 - £109,999	4	2
£110,000 - £114,999	2	1
£115,000 - £119,999	0	2
£120,000 - £124,999	1	3
£125,000 - £129,999	1	2
£130,000 - £134,999	2	1
£135,000 - £139,999	0	2
£140,000 - £144,999	2	1
£150,000 - £154,999	0	1
£155,000 - £159,999	1	1
£160,000 - £164,999	1	0
£165,000 - £169,999	1	0
£170,000 - £174,999	0	2
£180,000 - £184,999	1	1
£310,000 - £314,999	0	1
£320,000 - £324,999	1	0
	31	33

Key management personnel:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. The University defines key management personnel as those staff appointed by the University's Governing Body. As at 31st July 2024 this group of staff consists of the Vice-Chancellor, the Deputy Vice-Chancellor (Education), the Deputy Vice-Chancellor (Global Engagement and Student Life), the Deputy Vice-Chancellor (Research, Innovation and External Relations), the Chief People Officer, the Chief Financial Officer, the Provost and the Executive Director of Corporate Governance.

	£000	£000
Basic salary	1,412	1,466
Taxable benefits in kind	11	11
Employer's contribution to the Local Government and Teachers Pension Scheme	157	144
Key management personnel compensation	1,580	1,621

University of Portsmouth
Financial Statements for the Year Ended 31 July 2024
Notes to the Financial Statements (continued)

8 Staff costs (continued)

Relationship between Vice-Chancellor remuneration (salary, taxable benefits and employers pension contributions) and all other employees remuneration

	Year ended 31 July 2024 Consolidated £000	Year ended 31 July 2023 Consolidated £000
Vice-Chancellor Salary	321	312
Vice-Chancellor Remuneration	393	376
Median Salary all other staff	43	41
Median Remuneration all other staff	49	49
Pay Multiple (Median Salary)	7.5	7.7
Pay Multiple (Median Remuneration)	8.0	7.7

The median salary and remuneration ratio calculations are calculated in accordance with the methodology proscribed by the Office for Students and are based on all staff employed at any point during the respective financial year; all part-time staff have been converted to full-time as required by this methodology. The calculations do not take account of outsourced staff; which are limited to grounds maintenance, cleaning and security services.

	Year ended 31 July 2024 Consolidated £000	Year ended 31 July 2023 Consolidated £000
Vice-Chancellor Emoluments	393	376
Salary and Employer Pension Costs for lowest paid staff member	28	25
Ratio	14	15

The Vice-Chancellor's salary is set in accordance with the University's Framework for Setting the Pay of Senior Postholders. The Framework was established by the Board of Governors upon the recommendation of its Vice-Chancellor's and Senior Postholders' Remuneration Committee and is reviewed on an annual basis. The Committee is charged by the Board of Governors with the setting of the pay of senior pay holders (key management personnel, as described in Note 8 of the Financial Statements).

The Framework ensures that the University monitors the ratio between its highest paid member of staff and the median pay level to ensure that this remains compatible with ratios at comparable universities and that the earnings multiple should not exceed 10:1. In turn the Framework also adopts the proposal considered by the Hutton Review of Fair Pay in the Public Sector, namely that its highest paid staff member will not earn more than 20 times the full-time equivalent salary of its lowest paid staff member. More information can be found in the Remuneration Committee section in this document.

Redundancy and Severance Costs, all Staff

	Year ended 31 July 2024 Consolidated		Year ended 31 July 2023 Consolidated	
	£000	number	£000	number
Contractual redundancy and severance payments	578	43	936	81
Payments in relation to a voluntary severance scheme	1,637	74	3,248	129
Other	0	0	336	6
Total	2,215	117	4,520	216

Board of Governors:

The University's Governors are the trustees for charitable law purposes. Due to the nature of the University's operations and the composition of the Board of Governors, with some members being drawn from local public and private sector organisations, it is possible 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, including those identified below, are conducted at arms length and in accordance with the University's Financial Regulations and usual procurement procedures.

No member of the Board of Governors has received any remuneration/waived payments from the University or its subsidiary companies during the year (2022/23: £0) in respect of activities undertaken as a consequence of Board membership.

Total expenses paid to or on behalf of members of the Board of Governors was £17,320 (2022/23: £8,572). This includes travel and subsistence expenses incurred in attending Board, Committee meetings and charity events in their official capacity.

University of Portsmouth
Financial Statements for the Year Ended 31 July 2024
Notes to the Financial Statements (continued)

9 Interest and other finance costs

	Year ended 31 July 2024		Year ended 31 July 2023	
	Consolidated £000	University £000	Consolidated £000	University £000
Interest on loans repayable (unsecured placement loans - other)	2,992	2,992	2,976	2,976
Loss on currency exchange transactions	35	33	25	14
	3,027	3,025	3,001	2,990

10 Access and participation

Access Investment	3,765	3,765	3,702	3,702
Financial Support	3,536	3,536	3,874	3,874
Disability Support (excluding expenditure included in the two categories above)	1,020	1,020	918	918
Research and Evaluation	297	297	258	258
	8,618	8,618	8,752	8,752
Staff costs included in above	3,778	3,778	3,555	3,555

The University access and participation plans can be found at:

<https://www.officeforstudents.org.uk/advice-and-guidance/the-register/search-for-access-and-participation-plans/#/AccessPlans/provider/10007155>

11 Analysis of total expenditure by activity

Academic and related expenditure	175,648	174,772	177,325	176,780
Other income generating activities	4,763	3,370	4,645	4,004
Administration and central services	54,243	54,919	66,322	66,634
Premises	44,952	44,952	41,508	41,508
Residences, catering and conference	5,940	5,940	6,169	6,169
Research grants and contracts	8,601	8,485	10,255	9,975
Salary charge in respect of pension scheme	(1,928)	(1,928)	4,425	4,425
Interest and other finance costs	3,027	3,025	3,001	2,990
Finance charge in respect of pension scheme	(102)	(102)	2,728	2,728
	295,144	293,433	316,378	315,213

Other operating expenses include:

External auditor's remuneration in respect of audit services (excl. VAT)	222	151	157	100
External auditor's remuneration in respect of non audit services (excl. VAT)	62	40	46	31
Internal auditor's remuneration	116	116	112	112
Operating lease rentals - land and buildings	305	211	264	167
Operating lease rentals - other	128	128	112	112

12 Taxation

Recognised in the statement of comprehensive income

Current tax				
Current year	18	0	22	0
Current tax expense	18	0	22	0
Total tax expense	18	0	22	0

13 Tangible fixed assets

	Freehold Land and Buildings £000	Long Leasehold Land and Buildings £000	Assets under Construction £000	Land and Buildings Total £000	Fixtures, Fittings and Equipment £000	Plant and Machinery £000	Computing Equipment and IT Projects £000	Total £000
Consolidated								
Cost or deemed cost:								
At 1 August 2023	431,804	8,388	12,014	452,206	41,271	323	46,011	539,811
Additions at cost	9,184	0	19,080	28,264	5,711	0	4,424	38,399
Transfer of assets under construction	4,606	0	(4,606)	0	0	0	0	0
Disposals/Demolitions	0	0	(6,974)	(6,974)	(320)	0	(1,475)	(8,769)
At 31 July 2024	445,594	8,388	19,514	473,496	46,662	323	48,960	569,441
Depreciation:								
At 1 August 2023	103,757	1,237	0	104,994	30,180	323	19,712	155,209
Depreciation	20,466	389	0	20,855	2,161	0	10,378	33,394
Disposals/Demolitions	0	0	0	0	(320)	0	(1,475)	(1,795)
At 31 July 2024	124,223	1,626	0	125,849	32,021	323	28,615	186,808
Net Book Value								
At 31 July 2024	321,371	6,762	19,514	347,647	14,641	0	20,345	382,633
At 31 July 2023	328,047	7,151	12,014	347,212	11,091	0	26,299	384,602
University								
Cost or deemed cost:								
At 1 August 2023	427,304	8,388	12,014	447,706	41,271	323	45,998	535,298
Additions at cost	9,172	0	19,080	28,252	5,711	0	4,424	38,387
Transfer of assets under construction	4,606	0	(4,606)	0	0	0	0	0
Disposals/Demolitions	0	0	(6,974)	(6,974)	(320)	0	(1,475)	(8,769)
At 31 July 2024	441,082	8,388	19,514	468,984	46,662	323	48,947	564,916
Depreciation:								
At 1 August 2023	101,645	1,237	0	102,882	30,180	323	19,702	153,087
Depreciation	19,665	389	0	20,054	2,161	0	10,377	32,592
Disposals/Demolitions	0	0	0	0	(320)	0	(1,475)	(1,795)
At 31 July 2024	121,310	1,626	0	122,936	32,021	323	28,604	183,884
Net Book Value								
At 31 July 2024	319,772	6,762	19,514	346,048	14,641	0	20,343	381,032
At 31 July 2023	325,659	7,151	12,014	344,824	11,091	0	26,296	382,211

University of Portsmouth
Financial Statements for the Year Ended 31 July 2024
Notes to the Financial Statements (continued)

14 Non-current investments

	Subsidiary companies	Other fixed asset investments	Total
	£000	£000	£000
Consolidated			
At 1 August 2023	0	2,665	2,665
In year movement (excl. impairments)	0	176	176
Investment impairment	0	0	0
At 31 July 2024	0	2,841	2,841
University			
At 1 August 2023	2,823	2,665	5,488
In year movement (excl. impairments)	300	176	476
Investment impairment	(815)	0	(815)
At 31 July 2024	2,308	2,841	5,149

The investments in subsidiary companies shares comprises the following:

Name of subsidiary	Holding
University of Portsmouth Enterprise Limited	100,002 Ordinary Class A £1 Shares fully paid
University of Portsmouth Investments Limited	2 Ordinary Class A £1 Shares fully paid
	1,500,000 Ordinary Class B £0.10 Shares fully paid
University of Portsmouth Services Limited	1 Ordinary Class A £1 Shares fully paid
Technology Enterprises Portsmouth Limited	2 Ordinary Class A £1 Shares fully paid
Portsmouth Technopole Limited	1,915,850 Ordinary Class A £1 Shares fully paid
ASTA Technology UK Limited	10 Ordinary Class A £1 Shares fully paid
UOPM Sdn Bhd	270,001 Ordinary Shares of 1 Malaysian Ringgit
UOP Academic Services Limited	1 Ordinary Class A £1 Shares fully paid

UOPM Sdn Bhd was incorporated in Malaysia on 15 January 2019 and is a wholly owned subsidiary of University of Portsmouth Investments Limited. The registered office for UOPM Sdn Bhd is Level 21, Suite 21.01, the Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia. All other subsidiary companies are registered in England and Wales. The registered office for these subsidiary companies is: University House, Winston Churchill Avenue, Portsmouth, PO1 2UP. The University ultimately owns 100% of the shares in each of the subsidiary companies. The results of all subsidiary companies are consolidated with those of the University.

	Year ended 31 July 2024	Year ended 31 July 2023
	£000	£000
Other non-current investments consist of:		
CVCP Properties plc	37	37
Revona Bio LTD (£0.58 total investment)	0	0
Endowment asset (see note 23)	2,804	2,628
	2,841	2,665

CVCP Properties plc is a company owned by 100 higher education institutions, whose executive heads are members of Universities UK. The company owns two leasehold properties and the net profits from its activities are covenanted annually to Universities UK.

15 Trade and other receivables

Amounts falling due within one year:

	Year ended 31 July 2024		Year ended 31 July 2023	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Research grants receivable	1,530	1,530	2,878	2,878
Other trade receivables	9,915	9,795	15,375	15,184
Prepayments and accrued income	15,971	15,760	15,539	15,340
Amounts due from subsidiary undertakings	0	303	0	320
	27,416	27,388	33,792	33,722

Amounts falling due after one year:

	Year ended 31 July 2024		Year ended 31 July 2023	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Amounts due from subsidiary undertakings	0	113	0	107
	0	113	0	107
	27,416	27,501	33,792	33,829

Included in amounts due from subsidiary undertakings is a loan to Portsmouth Technopole Limited of £113k (2022/23: £107k) with an interest rate of 1% above the base rate set by the Bank of England. All other amounts due from subsidiary undertakings are unsecured, repayable on demand and do not attract interest.

University of Portsmouth
Financial Statements for the Year Ended 31 July 2024
Notes to the Financial Statements (continued)

	Other current asset investments	Total
	£000	£000
16 Current asset investments		
Consolidated		
At 1 August 2023	62,846	62,846
Net movement excluding changes in market value	(4,313)	(4,313)
Change in market value	2,949	2,949
At 31 July 2024	61,482	61,482
University		
At 1 August 2023	62,846	62,846
Net movement excluding changes in market value	(4,313)	(4,313)
Change in market value	2,949	2,949
At 31 July 2024	61,482	61,482

An investment of £61,482k (2022/23: £56,893k) is held as two segregated funds managed on behalf of the University by Goldman Sachs International. A £5,953k certificate of deposit with SEB AB was also held at the end of 2022/23 which matured during 2023/24 and was not renewed.

17 Short term deposits

Short term bonds

Year ended 31 July 2024		Year ended 31 July 2023	
Consolidated £000	University £000	Consolidated £000	University £000
158,000	158,000	241,500	241,500
158,000	158,000	241,500	241,500

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority. These short term deposits do not meet the definition of cash equivalent. The interest rates for these deposits are fixed for the duration of the deposit at time of placement. At 31 July 2024 the weighted average interest rate of these fixed rate deposits was 5.15% (31 July 2023: 4.85%) per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 18 days (31 July 2023: 129 days). The fair value of these deposits was not materially different from the book value.

18 Creditors: Amounts falling due within one year

	Year ended 31 July 2024		Year ended 31 July 2023	
	Consolidated £000	University £000	Consolidated £000	University £000
Unsecured loan*	300	300	0	0
Accrued interest on placement loan	1,007	1,007	1,439	1,439
Trade payables	4,450	4,450	4,280	4,280
Other creditors	30,541	30,101	42,276	42,012
Social security and other taxation payable	6,989	6,958	7,608	7,606
Deferred income	18,658	18,452	27,008	26,696
Deferred capital grants	4,115	4,115	3,019	3,019
Holiday pay accrual	9,021	8,982	9,243	9,243
Amounts owed to subsidiaries	0	123	0	86
	75,081	74,488	94,873	94,381

*The unsecured loan represents an interest free energy efficiency loan from Salix Finance Limited repayable within one year

Deferred income

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

Research grants received on account	3,751	3,751	4,143	4,143
	3,751	3,751	4,143	4,143

University of Portsmouth
Financial Statements for the Year Ended 31 July 2024
Notes to the Financial Statements (continued)

19 Creditors: Amounts falling due after more than one year

	Year ended 31 July 2024		Year ended 31 July 2023	
	Consolidated £000	University £000	Consolidated £000	University £000
Deferred income:				
Due between one and two years	4,115	4,115	3,019	3,019
Due between two and five years	12,347	12,347	9,057	9,057
Due in five years or more	36,560	36,560	39,809	39,809
	53,022	53,022	51,885	51,885
Unsecured bank loans and placement loan:				
Due between one and two years	0	0	0	0
Due between two and five years	0	0	0	0
Due in five years or more*	68,499	68,499	85,303	85,303
	68,499	68,499	85,303	85,303
Unsecured at 31 July 2024				
Other creditors:				
Unsecured loans repayable by 31 July 2025	0	0	300	300
	121,521	121,521	137,488	137,488

* includes fair value movement of £13,196k (2022/23: -£5,945k)

20 Unsecured bank loans and placement loan

	Market Value as at 31/7/2024 £000	Market Value as at 31/7/2023 £000			
Allianz Life Insurance Company of North America	19,979	22,797	15 years	2.73% fixed until February 2033	University
Sun Life Assurance Company of Canada (Bermuda)	6,619	7,364	20 years	2.93% fixed until February 2038	University
Sun Life Assurance Company of Canada (UK) Limited	7,000	10,000	20 years	2.93% fixed until February 2038	University
Sun Life Assurance Company of Canada	14,000	20,000	25 years	3.13% fixed until February 2043	University
Sun Life Assurance Company of Canada (Bermuda)	13,901	15,142	30 years	3.22% fixed until February 2048	University
Sun Life Assurance Company of Canada	7,000	10,000	35 years	3.19% fixed until February 2053	University
Subtotal	68,499	85,303			
Accrued interest	1,007	1,439			
Total of placement loan*	69,506	86,742			

*£30m of the original placement loan was repaid during the year. The market value as at 31/7/2024 is calculated with reference to the remaining £70m placement loan.

21 Financial instruments

The carrying values of the Group and Company's financial assets and liabilities are summarised by category below:

	Year ended 31 July 2024		Year ended 31 July 2023	
	Consolidated £000	University £000	Consolidated £000	University £000
Financial Assets:				
Measured at undiscounted amount receivable				
Trade and Other Debtors (Note 15)	27,416	27,085	33,792	33,402
Amounts due from subsidiary undertakings (Note 15)	0	303	0	320
Equity instruments measured at cost less impairment:				
Investments in subsidiaries and associates (Note 14)	37	2,345	37	2,860
Measured at fair value through profit and loss:				
Equity investments	64,286	64,286	65,474	65,474
Financial Liabilities:				
Measured at undiscounted amount payable				
Bank loans (Note 18 and 19)	300	300	0	0
Trade and other creditors (Note 18 and 19)	127,803	127,087	146,758	146,180
Amounts owed to subsidiaries (Note 18)	0	123	0	86
Measured at amortised cost				
Loan notes (Note 20)	28,416	28,416	40,595	40,595
Measured at fair value through profit and loss:				
Loan notes (Note 20)	41,090	41,090	46,147	46,147
The Group's income, expense, gains and losses in respect of financial instruments are summarised below:				
Interest Expense:				
Total interest expense for financial liabilities at undiscounted amount payable	0	0	0	0
Total interest expense for financial liabilities at fair value	2,992	2,992	2,976	2,976

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Financial Statements for the Year Ended 31 July 2024
Notes to the Financial Statements (continued)

	Pension provision (note 30) £000	Deferred tax £000	Total £000
22 Provisions for liabilities			
Consolidated			
At 1 August 2023	0	0	0
Decrease in liability	0	0	0
At 31 July 2024	0	0	0
University			
At 1 August 2023	0	0	0
Decrease in liability	0	0	0
At 31 July 2024	0	0	0

	Restricted permanent endowments £000	Expendable endowments £000	2024 Total £000	2023 Total £000
23 Endowment funds				
Restricted net assets relating to endowments are as follows:				
At 1 August 2023				
Capital	1,112	0	1,112	1,112
Accumulated income	1,698	68	1,766	1,836
	2,810	68	2,878	2,948
New donations and endowments	0	1	1	0
Earnings from restricted investments	84	0	84	80
Expenditure	(60)	(1)	(61)	(90)
Increase/(Decrease) in market value of investments	175	0	175	(60)
	199	0	199	(70)
At 31 July 2024	3,009	68	3,077	2,878

Represented by:
Capital
Accumulated income

	1,112	1,112
	1,965	1,766
	3,077	2,878
<hr/>		
	3,009	2,810
	68	68
	3,077	2,878
<hr/>		
	2,804	2,628
	273	250
	3,077	2,878

Analysis by type of purpose:
Lectureships
Prize funds

Analysis by asset:
Investments
Cash

The Endowment is managed by CCLA Investment Management Limited. The funds are primarily held as units in Ethical Investment (67%) and Fixed Interest (26%). The remaining 7% is held within a Deposit Fund.

	2024 £000	2023 £000
24 Consolidation of net debt		
Net debt 1 August 2023	62,711	
Movement in cash and cash equivalents	(46,149)	
Other non-cash changes	(17,236)	
Net debt 31 July 2024	(674)	
Change in net debt	(63,385)	
<hr/>		
Analysis of net debt:		
Cash and cash equivalents	70,480	24,331
Borrowings: amounts falling due within one year		
Unsecured loans	1,307	1,439
Borrowings: amounts falling due after more than one year		
Unsecured loans	68,499	85,603
Net debt	(674)	62,711

25 Capital commitments

Provision has not been made for the following capital commitments as at 31 July 2024:

	Year ended 31 July 2024		Year ended 31 July 2023	
	Consolidated £000	University £000	Consolidated £000	University £000
Commitments contracted at 31 July	7,747	7,747	7,200	7,200
	7,747	7,747	7,200	7,200

26 Contingent liabilities

Guarantees
to UNITE Integrated Solutions INC for nomination rights in respect of residential accommodation

	Year ended 31 July 2024		Year ended 31 July 2023	
	Consolidated £000	University £000	Consolidated £000	University £000
	405	405	383	383
	405	405	383	383

The University has given written undertakings to support the following subsidiary companies for twelve months from the date of approval of their financial statements:

University of Portsmouth Investments Limited
University of Portsmouth Services Limited
Technology Enterprises Portsmouth Limited
Portsmouth Technopole Limited
UOPM Sdn Bhd
University of Portsmouth Enterprise Limited
ASTA Technology UK Limited
UOP Academic Services Limited

27 Minimum lease payments

Total rentals payable under operating leases:
Up to one year
Between two and five years
In more than five years

	Year ended 31 July 2024			Year ended 31 July
	Land and Buildings £000	Consolidated Plant and Machinery £000	Total £000	2023 Total £000
	119	128	247	391
	66	0	66	107
	89	0	89	78
	274	128	402	576

28 Events after the reporting period

The University does not consider that there are any post balance sheet events that would impact the values of assets or liabilities recognised in the balance sheet at year-end.

University of Portsmouth
Financial Statements for the Year Ended 31 July 2024
Notes to the Financial Statements (continued)

29 Related party transactions

The University has had transactions with its subsidiary companies, University of Portsmouth Enterprise Limited, University of Portsmouth Investments Limited, University of Portsmouth Services Limited, Technology Enterprises Portsmouth Limited, Portsmouth Technopole Limited, ASTA Technology UK Limited, UOPM Sdn Bhd and UOP Academic Services Limited. These transactions are eliminated on consolidation and accordingly the Corporation has availed itself of the dispensation in FRS102 not to disclose such items in these financial statements.

Due to the nature of the University's operations and the compositions of the Board, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest. All transactions involving organisations in which a member of the Board may have an interest, including those identified below, are conducted at arms length and in accordance with the University's Financial Regulations and usual procurement procedures.

	2024 Income £000	2024 Expenditure £000	Balane due to the University at 31 July 2024 £000	Balane due from the University at 31 July 2024 £000
Governors				
British Library	0	3	0	0
Chartered Institute of Library and Information Professionals (CILIP)	0	1	0	0
Portsmouth Hospitals University NHS Trust	91	377	18	50
Society of College, National and University Libraries (SCONUL)	0	4	0	0
Senior Members of the University				
City of Portsmouth College	11	43	0	0
Associated Undertakings				
Revona Bio Ltd	25	0	0	0

No Board member has received any remuneration/waived payments from the group during the year (2022/23: £Nil).

During 2023/24 the University of Portsmouth Students' Union (UPSU), which is a separate and independent legal entity, received a grant of £1,454k (2022/23: £1,518k) from the University of Portsmouth. A nominated officer of the UPSU is also a member of the University Board of Governors.

	2023 Income £000	2023 Expenditure £000	Balane due to the University at 31 July 2023 £000	Balane due from the University at 31 July 2023 £000
Governors				
British Library	0	9	0	0
Chartered Institute of Library and Information Professionals (CILIP)	0	1	0	0
London School of Economics (LSE)	85	0	0	0
Portsmouth Hospitals University NHS Trust	42	382	0	5
Society of College, National and University Libraries (SCONUL)	0	4	0	0
Senior Members of the University				
Solent LEP	1	0	1	0
UTC Portsmouth	1	0	0	0
Associated Undertakings				
Revona Bio Ltd	32	0	8	0

30 Pension and similar obligations

The two principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) and the Hampshire County Council administered Local Government Pension Scheme (LGPS). These are both independently administered schemes.

TPS

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting And Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation Of The Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme took place, in line with directions issued by HM Treasury and using membership data as at 31 March 2020. As a result of this valuation TPS employers pay an increased contribution rate of 28.6% from April 2024 (23.6% up to April 2024 which included an administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website: <https://www.teacherspensions.co.uk/news/employers/2023/10/valuation-result.aspx>

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, has rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case was then referred to an Employment Tribunal for a decision regarding the remedy which needs to be offered to those members of the two schemes who were subject of the age discrimination. The impact on the scheme costs is included in the latest scheme valuation where the calculation methodology allows for the 'greater value' benefits for group members when comparing their legacy and reformed service. The underpinning assumption is that members are likely to choose the option that provides them with greater benefits.

Contribution amounts outstanding as at 31 July 2024 and included in social security and other taxation payable creditors is £1,333,662 (31 July 2023: £1,744,706).

30 Pension and similar obligations (continued)

LGPS

The Local Government Pension Scheme (LGPS) is a defined benefit scheme based on final pensionable salary. The results below relate to the funded and unfunded liabilities within the fund which is part of the LGPS. The funded nature of the LGPS requires the employer and its employees to pay contributions into the fund, calculated at a level to balance the pension liabilities with investment assets. The unfunded liabilities are termination benefits made on a discretionary basis upon early retirement in respect of members of the LGPS. No fund exists to meet these benefits. The most recent valuation was carried out as at 31 March 2022, and has been updated by independent actuaries to the Hampshire County Council Pension Fund to take account of the requirements of FRS102 in order to assess the liabilities of the Fund as at 31 July 2024. The actuarial assumptions for the long term liabilities of the LGPS are detailed in the table below and include an assumed 3.75% increase for salary costs. This is set at 1.0% above CPI and includes annual pay awards, increments and promotions.

Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. This has resulted in the net discount rate (discount rate net of CPI inflation) remaining at a similar level to the previous year. In particular, the key reason for the discount rate applied is the observed UK corporate bond yields at 31 July 2024 which remain comparable to those at 31 July 2023.

	Year ended 31 July 2024	Year ended 31 July 2023
The financial assumptions used to calculate scheme liabilities under FRS102 are:		
Discount rate	5.00%	5.05%
Rate of increase of salaries	3.75%	4.00%
Rate of increase in pensions (CPI)	2.75%	3.00%
Assets are valued at fair value, and comprise:	£000	£000
Equities	202,575	196,714
Bonds	136,278	106,692
Property	25,782	20,005
Cash	3,683	10,002
Total	368,318	333,414

The mortality assumptions are based on the recent actual mortality experience of members within the fund and allow for expected future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are shown below.

	2024		2023	
	Retiring today	Retiring in 20 years	Retiring today	Retiring in 20 years
Male	22.0	22.5	22.1	22.6
Female	24.7	25.6	24.7	25.7

	Year ended 31 July 2024	Year ended 31 July 2023
	£000	£000
Analysis of amounts shown in the balance sheet:		
Fair value of scheme assets	368,318	333,414
Scheme assets cap	(16,637)	(1,066)
Present value of funded scheme liabilities	(345,588)	(327,382)
Present value of unfunded scheme liabilities	(6,093)	(4,966)
Deficit in the scheme - net pension liability recorded within pension provision (note 22)	0	0
Analysis of amounts charged to consolidated statement of comprehensive income and expenditure:		
Contributions by the University	12,756	12,126
Current service cost	(10,617)	(16,030)
Curtailement/Past service cost	(211)	(521)
Total operating charge	1,928	(4,425)
Financing:		
interest income on scheme assets	17,020	11,219
interest on expected scheme liabilities	(16,918)	(13,947)
Net return	102	(2,728)
Total expense recognised in income and expenditure account	2,030	(7,153)
Analysis of amounts recognised in consolidated statement of comprehensive income and expenditure:		
Actuarial gain on funded and unfunded liabilities	13,541	86,301
Asset capping adjustment	(15,571)	(1,066)
Total actuarial (loss)/gain on funded and unfunded liabilities	(2,030)	85,235

University of Portsmouth
Financial Statements for the Year Ended 31 July 2024
Notes to the Financial Statements (continued)

30 Pension and similar obligations (continued)

The changes to the fair value of assets during the year is made up as follows:

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Opening fair value of assets	332,348	326,905
Movement in year:		
expected return on assets	17,020	11,219
contributions by the University	12,756	12,126
contributions by the participants	3,917	3,732
net benefits paid out	(9,343)	(9,188)
actuarial gain/(loss) on assets	10,554	(11,380)
actuarial loss on assets - capping adjustment	(16,637)	(1,066)
Closing fair value of assets	<u>350,615</u>	<u>332,348</u>
Opening present value of liabilities	(331,282)	(404,987)
Movement in year:		
current service	(10,617)	(16,030)
interest cost	(16,918)	(13,947)
contributions by the participants	(3,917)	(3,732)
net benefits paid out	9,343	9,188
curtailment/past service cost	(211)	(521)
actuarial gain	2,987	97,681
Closing present value of liabilities	<u>(350,615)</u>	<u>(332,348)</u>

The closing liability includes £6,093k (2022/23: £4,966k) in respect of unfunded benefits.

The valuation of the defined benefit pension scheme has been carried out by a qualified actuary based upon assumptions. While key assumptions used in the valuation are based on published information, there is a degree of judgement involved in selecting the most appropriate financial variables for the scheme. This valuation has resulted in a pension surplus, but this has been capped to nil as University of Portsmouth does not consider it to be recoverable.

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Actual return on scheme assets:		
Interest income on scheme assets	17,020	11,219
Actuarial gain/(loss) on scheme assets	10,554	(11,380)
Actual return on scheme assets	<u>27,574</u>	<u>(161)</u>

History of experience gains and losses for the year ended 31 July 2024 were as follows:

	Year ended 31 July 2024	31 July 2023	31 July 2022	31 July 2021	31 July 2020
Difference between the expected and actual return on scheme assets:					
Amount £000	10,554	(11,380)	(18,604)	44,947	5,895
Percentage of scheme assets at end of year	2.9%	-3.4%	-5.7%	13.5%	2.2%

	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
The total pension charge for the University and its subsidiaries can be analysed as follows:		
TPS	15,777	14,667
LGPS	11,166	11,863
Other, including NHS	712	527
FRS102 adjustment re LGPS	(1,928)	4,425
Total pension cost (Note 8)	<u>25,727</u>	<u>31,482</u>