

**Inspire Education Group  
Report and Financial Statements  
for the year ended  
31 July 2021**

# **GROUP INFORMATION**

## **Group address**

Inspire Education Group  
Park Crescent  
Peterborough  
PE1 4DZ

## **Key Management Personnel, Board of Governors and Professional advisers**

### **Board of Governors**

Ian Jackson (Chair)  
David Pennell (Vice Chair)  
Rod Allerton  
Martin Ballard  
Vincent Brittain  
Marco Cereste  
Dean Duffield  
Anne Earle - resigned 13/09/20  
Professor Sir Les Ebdon  
Mark Haydon  
Tony Keeling  
Mary Kiernan  
Angie Morris  
Michael Rabbett - resigned 08/06/21  
Simon Smith - resigned 23/03/21  
Kelly Swingler - resigned 15/01/21  
Jonathan Teesdale  
Richard Wheeler – resigned 03/08/20  
Paul Wingfield  
Steve Saffhill (Staff)  
Gabe Manthorp (Staff) - resigned 19/04/21  
Tony Warner (Staff)  
Lionel Muskwe (student) one-year term  
Alex Johns (student) one-year term

All Governor appointments commenced within Inspire Education Group (IEG) on 1<sup>st</sup> August 2020 on the merger of Peterborough Regional Group and New College Stamford.

Mr R Devereux acted as Clerk to the Corporation

## Key management personnel

Key management personnel are defined as members of the Group Executive Team and were represented by the following in 2020/21:

<b>CEO and Principal Stamford College:</b>	Janet Meenaghan
<b>Deputy CEO and Principal Peterborough College:</b>	Rachel Nicholls
<b>Chief Financial Officer:</b>	Louise Perry
<b>Executive Director Business Development:</b>	Alison Fox

## Professional advisers

Financial Statement Auditor	RSM UK Audit LLP, Blenheim House, Newmarket Road, Bury St. Edmunds, Suffolk, IP33 3SB
Internal Auditor	Haines Watts, 30 Camp Road, Farnborough, Hants, GU14 6EW
Bankers	NatWest, Cathedral Square, Peterborough, PE1 1XL
Legal Services	Eversheds Sutherland LLP, 115 Colmore Row, Birmingham, B3 3AL

## Members' Report

### Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2021.

### Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting educational activities. Peterborough Regional College completed a merger with New College Stamford at 12.01am on 1 August 2020 in a 'Type B' merger. This resulted in all assets, liabilities, staff and students from New College Stamford transferring to Peterborough Regional College, and being simultaneously renamed as Inspire Education Group (IEG).

These financial statements have been prepared using merger accounting principles, treating IEG as if it had been in place for the reporting period. The report focuses on progress made in the year against the strategic objectives, and other notable outcomes or events.

IEG completed a merger with New Group Stamford at 12.01 on 1<sup>st</sup> August 2020 in a 'Type B' merger. This resulted in all assets, liabilities, staff and students transferring into IEG, and the group being simultaneously renamed as Inspire Education Group (IEG).

The IEG Group has three wholly owned subsidiaries, and a 20% interest in a private training provider. All of the subsidiaries compliment the offer made by the main colleges in the Group. University Centre Peterborough (UCP) and Anglia Professional Training Limited (APT) are wholly owned companies delivering education and training. UCP is the higher education arm for the IEG Group, providing education up to level 6. APT provides vocational and professional training, predominantly in Financial, Legal and management subject areas. Quality Resource Solutions Limited (QRS) is used as a service company to provide temporary staffing through a managed service, and also as a vehicle to employ staff that work in the commercial areas of the business. IEG also has a 20% stake in Peterborough Skills Academy, which provides training, including apprenticeships, predominantly related to the motor industry.

### Vision and Mission

**Vision** – “To be the first-choice provider of education and training in our region”

**Mission** – “To transform lives through Inspirational education and training”

The Group's Strategic Objectives:

- Achieve Excellence
- Financial Sustainability
- Value our People
- Growth
- Positive Impact

## **Members' Report continued**

### **Public Benefit**

Inspire Education Group is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 2.

In setting and reviewing the Group's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the college provides identifiable public benefits through the advancement of education to approximately 10,699 full and part time students, including 305 students with high needs. The college provides courses without charge to young people, to those who are unemployed and adults taking English and maths course. The college adjusts its courses to meet the needs of local employers and provides training to 1,233 apprentices. The college is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

### **Strategy**

The Inspire Education Group Strategy was published in August 2020.

The ambition is set out against a background in which the FE sector has faced a period of unprecedented funding cuts, a reduction of some 30% in real terms since 2010. The Group has had to align its operations accordingly, and pre-empt funding cuts through a continued focus on business efficiency. At the same time, focus on the imperative of improving quality standards, against a backdrop of new national performance measures and extensive curriculum reform.

The most significant operational challenge during the year was continuing to educate our students, focusing on safety against the backdrop of a global pandemic. All Group sites were opened in a managed way during non-lockdown periods, to enable students to undertake their practical and theory studies and assessments where possible. The COVID-19 pandemic shaped the delivery and performance of the Group for the entire academic year.

### **Progress against strategic objectives**

There is no doubt that progress in all areas of the strategic objectives were impacted by the pandemic, in particular, our students' opportunity to gain work experience, and undertake practical assessments. Attendance at college was driven by the varied COVID-19 restrictions throughout the year.

## Members' Report continued

The Health and Safety of students and staff was the over-riding imperative for the year, creating an operating environment that required frequent reviews and amendments, and swift responses to changes in each locality. Despite all of this, the first year of IEG was a successful one, as described against each metric below.

### Achieve Excellence

To be recognised as an outstanding Group, delivering inspirational education and training which enables young people and adults to achieve their ambitions, and promotes social and economic prosperity in our regions.

Our measures of success by 2023 will be:

- Achievement rates 3% above national averages in all categories of learning
- Attendance rates consistently above sector norms
- Increase in positive student destinations to 93%
- Increase in internal student progression to 55%
- Student satisfaction rates at 90% or above
- Progress scores at or above average in most categories

Our 2020/21 Progress

Retention and pass rates increased in the year, with overall achievement rates rising by 2.9%.

### Value Our People

Support and invest in our people and their wellbeing, creating an exceptional working environment where colleagues feel valued and empowered.

Our measures of success by 2023 will be:

- Staff satisfaction rates consistently 5% above benchmarked averages
- Staff absence at or below sector average
- Staff turnover at or below sector average
- Minimum £200K pa investment in continuing professional development
- Achievement of all Group environmental sustainability objectives
- All departments exceed minimum health and safety audit thresholds

Our 2020/21 Progress

- Staff satisfaction survey returned very positive results
- Absence was below the strategic target
- Turnover was below the strategic target
- Investment in CPD was challenging, as many events did not run during the COVID-19 year
- Two areas of the Group were rated red in initial H & S audits, both improved to standard after inspection

### Growth

Grow, and diversify the Group in response to the local, regional and national needs, developing opportunities for upskilling, retraining, personal progression and business growth.

## Members' Report continued

Our measures of success by 2023 will be

- Increase in positive student destinations to 93%
- Clear line of sight between Group provision and the skills needs identified by the Skills Advisory Panels in Cambridge and Peterborough, and Lincolnshire
- Highly effective and successful collaborative partnerships which meet specialist and niche employer needs
- Targeted commercial ventures which thrive and grow and make a demonstratable contribution to regional employment opportunities
- The Group's contribution to economic impact as measured by the Local Enterprise Partnership and Combined Authority

Our 2020/21 progress objective was significantly impacted by COVID-19.

- Destinations tracking needs to improve to meet the strategic target, the 2020/21 SAR recorded that destinations for 25% of our students were unknown
- Curriculum strategies strongly reflect the local skills priorities
- IEG has strong links with the Greater Lincolnshire LEP and the Cambridge and Peterborough Combined Authority, and successfully delivered three projects in year funded by innovation funding.
- Commercial activities were compromised by COVID-19 throughout the year, and during lockdowns.

### Financial sustainability

Ensure robust financial management which returns an annual surplus and supports investment in the Group infrastructure and provision of industry-standard learning facilities.

Our measures of success each year will be:

- Surplus (Sector EBITDA) at 6% of income
- Staff costs <65% of income
- Cash days >35
- Borrowing <15% of income
- Adjusted current ratio 2.5
- Capital investment £1m
- Financial Statements unqualified audit opinion

## Members' Report continued

### **Financial results**

Our 2020/21 progress is defined in the table below.

	2020/21 Target	2020/21 Actual
Financial Health	Good	Good
Financial Management	Good	Good
Cashflow from operations before Capital Investment	£1,067K	£4,089K
Over 30days cash in hand	85	88
Current ration above 1.4	1.56	1.98
Positive Balance on reserves (excl. Pension Liability)	£33,700k	£34,945K
Cash based operating surplus greater than 6% of income	7.34%	5.38%
Pay costs as a percentage of income	57.18%	62.45%
Borrowing less that 30% of income (Excluding Capital Grant Funding)	8.20%	1.66%
Borrowing less than 20% as a % of net assets (excluding pension liability)	11.90%	11.88%

The Group generated a surplus on continuing activities of £0.691m (2019/20 surplus of £0.737m) after depreciation of assets at valuation and before tax and exceptional items, but before the FRS 102 adjustment to include an increase in pension scheme liabilities in year.

The Group has accumulated reserves of £7.6m and cash and cash equivalent investment balances of £10.6m

The Group invested £4.9m in capital expenditure. The majority of investment in 2020/21 was related to technology, investing in chromebooks and laptops for our students, and in new corporate systems for finance, student records, HR and payroll for the newly formed group. The Department for Education also donated over 500 devices for students in February 2021.

The Group has significant reliance on the ESFA and CPCA for its principal funding source, largely from recurrent grants. In 2020/21 this was 76.3%, and in 2019/20 the ESFA/CPCA provided 76.3% of the Group's total income.

The Group is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The Finance Record produces a financial health grading. The rating for 2020-21 is 'Good' financial health.

The Group had three subsidiary companies during the year, Anglia Professional Training (APT) Ltd, University Centre Peterborough (UCP), and QRS Ltd. The Group also has a 20% interest in Peterborough Skills Academy (PSA) Ltd.

### **Capital Investment**

An extension to the Borderville Sports campus in Stamford was completed in the year, providing six new classrooms, a study centre, and a new gym. This project was 50% funded by Greater Lincolnshire LEP.



## Members' Report continued

The group also invested just under £2M on a refurbishment programme across both the Peterborough and Stamford sites. This programme focused on the fabric of the building, with the aim of improving building efficiency, replacing roofs, heating systems, lighting and windows.

The Group invested in technology, creating a new IT infrastructure domain, installing key corporate systems during the year. The Group also made a commitment to ensure students would have access to a device for any lockdown periods, ensuring our students had the best opportunity to learn during the pandemic.

### **Treasury policies and objectives**

The Group has a separate treasury management policy in place. There were no short-term borrowing requirements in 2020/21.

### **Cash flows**

The operating cash inflow for the year was £4.1m that was then primarily spent on Capital investments

### **Liquidity**

The Group currently has significant cash reserves and had an outstanding loan balance of £0.7m at the year end.

## CURRENT PERFORMANCE

### **Student numbers**

The Group enrolled students across multiple campus and organisation as follows:

Type of Provision	Numbers enrolled in 2019/20	Numbers enrolled in 2020/21
Education Programmes for young people	4,580	4,769
Adult learning programmes	2,793	4,667
Apprenticeships 16-18	720	639
19+	581	594
Provision for students with high needs (Inc. above)	291	305
Delivery through partners (Inc. above)	1,725	1,762
Higher education	753	800

## Members' Report continued

### **Student achievements**

Because of the COVID-19 pandemic, and the national lockdown, student achievements for 2020/21 were based on Teacher Assessed Grades for some courses, though exams and assessments continued in a number of curriculum areas.

The data table below shows overall retention, pass and achievement rates for the College in 2020/21.

All Ages	IEG	Provider Group	National Average	IEG	Provider Group	National Average	IEG	Provider Group	National Average
	2020/21			2019/20			2018/19		
Leavers	14,301			14,621			15,544		
Retention	93.4	92.9	91.6	92.4	92.9	91.6	90.0	92.9	91.6
Pass	91.3	93.3	93.9	89.2	93.3	93.9	92.7	93.3	93.9
Achievement	85.3	86.7	86.0	82.4	86.7	86.0	83.5	86.7	86.0

### **Curriculum developments**

The Group regularly reviews its curriculum offer to meet Government and funding agency priorities, including improving the skills of workers in the key

areas of health, care, construction, manufacturing, leadership and management, and IT sectors.

Specifically, our focus is:

- 16 – 18 full and part-time learners;
- Skills for Life (16 – 18 and 19+ Adult);
- Adult Level 2 and 3 entitlement programmes;
- To target learners not in education, employment or training (NEET)
- Developing our apprenticeship provision; and
- Providing tailored programmes to meet employer requirements.

Our curriculum provides a broad-based mix of academic and vocational programmes (NVQ and National Certificate/ Diplomas etc.) that appeals to a wide range of students and employers and provides clear, coherent progression opportunities from pre-entry level 1 to level 3 and Higher Education (through partnerships with Anglia Ruskin University, Bishop Grosseteste University and Pearson). Increasing key and functional skills achievement rates is a priority and we have embedded key skills delivery within the main programme wherever possible.

We have responded to community and business needs through flexible curriculum design and customised training services which suit customer needs and diversify the range of income streams to complement core ESFA income.

The Group has continued to build effective links with local schools. We have developed strong links with other agencies in order to market our programmes directly to the 'Not in Education or Training' (NEET) group and to gain access to employers of those young people who fall into the NEET group.

## **Members' Report continued**

From August 2020 the Group received a significant proportion of the Adult Education Budget from Cambridge and Peterborough Combined Authority, the Group built a collaborative relationship with the authority, and delivered almost 90% utilisation of the funding, through innovative on-line programmes and continued face to face delivery where possible. A good outcome in a year when the COVID-19 restrictions did not accommodate adult learners being on the main Group sites.

Through University Centre Peterborough, a wholly owned subsidiary, we are continuing to develop a Higher Education portfolio which is responsive to the local skills sector and employment needs, and which increases the level of participation in the sub region, particularly amongst those groups currently under-represented in higher education (HE).

### **Key Performance Indicator Reporting**

The Group provides a dashboard of Key Performance Indicators for Governor scrutiny at each Board meeting. This includes student attendance, retention and achievement. These are benchmarked against national averages and targets are agreed annually with the Corporation. The dashboard also covers financial, staffing and health and safety performance.

### **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Groups, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2020 to 31 July 2021, the Group paid 52% of its invoices within 30 days. The Group incurred no interest charges in respect of late payment for this period.

### **Events after the reporting date**

There are no post balance sheet events.

### **Going concern**

The financial position at the balance sheet date was such that the Group believes it had sufficient resources to continue to meet the liabilities of the continued operations of Inspire Education Group. This assessment has been made by the Corporation having reviewed the current and future year forecast to July 2023. This review has significantly reduced some funding streams, such as 16-19 study programme lagged funding. But assumes an increased funding rate, higher numbers of apprentices, commercial income, and a further year of tuition (catch-up) funding, as confirmed in recent Department for Education announcements. All figures consider the risks posed by the ongoing pandemic and all other principal risks and uncertainties identified.

## **Members' Report continued**

### **FUTURE PROSPECTS**

#### **Future developments**

The college has invested at a higher rate in 2020/21 in both building assets and technology than in recent years in Peterborough Regional College, and New College Stamford combined. This investment is set to continue in future years, as IEG seeks to update the estate at both sites to deliver curriculum in 21<sup>st</sup> Century facilities. A new Construction Centre will be completed at Stamford in Spring 2022, and planning for a Centre for Green Technologies is underway on the Peterborough site. The new campus buildings will offer high quality teaching and learning spaces and allow the college to develop its technical course offering in specifically designed areas. These buildings, and the courses they will offer clearly align to areas of skills shortages in the local and regional economies. They will also both increase student recruitment through both the broader range of courses on offer and the higher standard of delivery.

#### **Financial plan**

The IEG governors approved a financial plan in July 2021 which sets objectives for the period to 2024. The plan was written to maintain its health rating of 'Good' and achieve a small surplus in the year to 31 July 2022, in line with the Group's Strategic Objectives.

Student recruitment in September 2021 in both HE and FE was lower than anticipated, this has led to a full re-forecast of the 2021/22 position which maintains a small surplus, and a top-level re-forecast of the 2022/23 plan. IEG will need to make targeted cuts of £1.2m in the year to 31 July 2023 to deliver this plan.

#### **Treasury policies and objectives**

The college has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. There is no requirement for short term borrowing in 2021/22.

IEG may increase borrowing in future years to fund the estates redevelopment ambitions of the Group. Current borrowing is very low (£0.7M) the group will meet all scheduled repayments.

#### **Reserves**

IEG has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the college's core activities and capital investment ambitions. The college group's reserves include over £10M of cash reserves.

As at the balance sheet date the Income and Expenditure reserve stands at a deficit of £0.269M (2020: £1.6M), this includes a cumulative deficit of £27.3M as a result of the defined benefit pension provision. This non-cash adjustment is beyond the Corporation's control. It is the corporation's intention to maintain cash at a minimum of 60 days working capital requirement, approximately £8M, and deliver an EBITDA of 6% each year, generating positive cash inflows.

## **Members' Report continued**

### **Resources**

The Group has various resources that it can deploy in pursuit of its strategic objectives.

### **Financial**

The Group has physical assets and cash that can be deployed in order to meet the Group's objectives.

IEG operates from two main sites in Peterborough and Stamford. Additionally, there is a sports complex in Stamford, which was extended in 2020/21 providing new classrooms, a gym, and a sports lab. In Peterborough there is also a small Media and Journalism Centre off campus.

### **People**

The Group employed 1,122 people in July 2021 (2019/20 1,230) 606 which were teaching staff and 516 were non-teaching staff. Staff were either employed directly or through Quality Resourcing Solutions Limited, a subsidiary company.

### **Registrations**

UCP is registered with the Office for Students, as the HE provider for the Group.

### **Reputation**

The Group has a good reputation locally and nationally. Maintaining a quality brand is essential for the Group's success at attracting students and cementing external relationships.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Group continues to embed the system of internal control, including financial, operational and risk management which is designed to protect the Group's assets and reputation.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the Group is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Group. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the Group.

A risk register is maintained at Group level which is reviewed regularly by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Group and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout the Group.

## **Members' Report continued**

The principal risk factors that may affect the Group relate to Government funding, and the recruitment, retention and achievement rates of learners. Other factors besides those listed below may also adversely affect the Group. Not all the factors are within the Group's control, and the risk to the Group of the COVID-19 pandemic has impacted on the strategic risks during 2020/21 in an unprecedented way, impacting on all of the risks below.

### **Government funding risk**

The Group relies upon continued government funding through the further education sector funding bodies. The majority of the Group's revenue was ultimately public funded. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. This in particular relates to Adult Education Budget in 2020/21, which could not be earned as normal because of the Government's own guidelines and the COVID-19 lockdown.

This risk is mitigated in a number of ways:

- The Group is seeking new funding sources in order to diversify income.
- Ensuring the Group is focused on those priority sectors which will continue to benefit from public funding.
- Ensuring, where possible in 2020/21, quality delivery of funded programmes

### **Not achieving planned learner numbers causing financial risk**

This risk increased in year as a result of the pandemic, when normal recruitment activities were disrupted. However, this was mitigated in a number of ways:

- Targeted marketing of available programmes through social media;
- Maintenance of a successful 14 – 16 programme and partnerships with local schools;
- Provision of a high-quality curriculum offer reviewed and endorsed by external bodies e.g. Ofsted, the Quality Assurance Agency (QAA), Awarding Body representatives;
- Implementation of online delivery, supporting students with technology and internet access; and
- Provision of qualified delivery and support staff who understand the business needs.
- Development of online courses in response to the pandemic

## **Members' Report continued**

### **Retention risk**

Failure to retain students who enrol resulting in not achieving agreed success rate targets. This risk is mitigated in a number of ways:

- Recruitment of students with integrity to all programmes;
- Effective initial screening and induction programmes;
- On-programme support mechanisms;
- Focused tutorial programme;
- Continued use of Achievement Support Leaders;
- Effective use of the Bursary scheme; and
- Regular reporting of absence to parents/ guardians and employers (as appropriate).

### **Achievement rates risk**

Achievement rates increased by almost 3% compared to the prior year, despite the impact of the COVID- 19 lockdown, and the lack of external assessment and exams for students. The Group remains committed to improving achievements and ensuring students are ready for their next step, and continue to focus on this risk.

This risk is mitigated in a number of ways:

- Skills development sessions for teaching staff;
- Intensive focus on the importance of student achievement with managers, team leaders, teaching and assessing staff;
- Utilisation of Achievement Support Leaders and Student Support Workers to motivate and support learners;
- Focused tutorial programme;
- Provision of “catch-up sessions” small group and one to one sessions;
- Provision of qualified delivery and support staff who understand the business needs;
- Online learning champion to support lecturing staff; and
- Use of the PULSE student progression monitoring.

### **Stakeholder Relationships**

In line with other Groups and universities, Inspire Education Group has many stakeholders. These include:

- Students;
- Education sector funding bodies;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- The local community;
- Other FE institutions;
- Trade unions; and
- Professional bodies.

## **Members' Report continued**

The Group recognises the importance of these relationships and engages in regular communication with them through the Group internet site and by meetings.

### **Equal opportunities and employment of disabled persons**

The Group is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

The Group's Equality, Diversity and Inclusion Policy is published on the Group's internet site.

The Group is a 'Disability Confident Employer' - a Government scheme (previously known as the "Two Ticks" symbol) which recognises employers' work in attracting, retaining and valuing disabled people, ensuring that disabled people and those with long term health conditions have the opportunities to fulfil their potential and realise their aspirations. The Group achieved recognition up to 2022.

The Group considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Group continues. The Group's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. An equalities plan is published each year and monitored by managers and governors.



## Members' Report continued

### **Disability statement**

The Group seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Educational Needs and Disability Act 2001 and 2005:

- There is a list of specialist equipment, such as radio aids, which the Group can make available for use by students and a range of assistive technology is available;
- The admissions policy for all students is described in the Group charter. Appeals against a decision not to offer a place are dealt with under the complaints policy;
- The Group has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities
- Specialist programmes are described in Group prospectuses, and achievements and destinations are recorded and published in the standard Group format; and
- Counselling and welfare services are described in the Group Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

### **Trade Union Facility Time**

IEG does not formally recognise trade unions, and therefore does not have any formal agreements for the provision of union time.

### **Disclosure of information to auditors**

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

**Approved by order of the members of the Corporation on 24<sup>th</sup> December 2021 and signed on its behalf by:**



Mr I Jackson  
Chairman

## Statement of Corporate Governance and Internal Control

This statement covers the period from 1 August 2020 to 31 July 2021 and up to the date of approval of the annual report and financial statements. The following statement is provided to enable readers of the annual report and accounts of the Group to obtain a better understanding of its governance and legal structure.

The Group endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in full accordance with the guidance to Groups from the Association of Groups in The Code of Good Governance for English Groups (“the Code”)
- having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector.

The Group is committed to exhibiting best practice in all aspects of corporate governance and in particular the Group/Board has adopted and complied with the code of Good Governance for English Groups.

In the opinion of the governors, the Group complies with all the provisions of the Code and it has complied throughout the year ended 31 July 2021. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges, March 2015. IEG adopted this at the inaugural board meeting on the 3<sup>rd</sup> August 2020.

The Group is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission’s guidance on public benefit and that the required statements appear elsewhere in these financial statements.

In setting and reviewing the College’s strategic objectives, the Governing Body has had due regard for the Charity Commission’s guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the college provides identifiable public benefits through the advancement of education to approximately 11,469 students, including 305 students with high needs. The college provides courses without charge to young people, to those who are unemployed and adults taking English and maths course. The college adjusts its courses to meet the needs of local employers and provides training to 1233 apprentices. The college is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

## Statement of Corporate Governance and Internal Control continued

### Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the table below.

Name	Membership Category	Date Appointed/ Reappointed	Term Expires	Committees Served	Total Attendance	Possible Attendance	Percentage
Janet Meenaghan	Principal	Ex-Officio		Corporation, F&R, C&Q, Search	23	23	100%
Rachel Nicholls	Principal	Ex-Officio		Corporation, F&R, C&Q, Search	22	23	96%
Rod Allerton	External	03/08/2020	02/08/2022	Corporation, F&R	14	14	100%
Martin Ballard	External	03/08/2020	02/08/2022	Corporation, Audit	15	15	100%
Vincent Brittain	External	03/08/2020	02/08/2022	Corporation	6	8	75%
Marco Cereste	External	03/08/2020	02/08/2022	Corporation	6	8	75%
Dean Duffield	External	03/08/2020	02/08/2022	Corporation, Audit then changed to F&R	8	14	57%
Les Ebdon	External	03/08/2020	02/08/2022	Corporation	7	8	88%
Mark Haydon	External	03/08/2020	02/08/2022	Corporation, Audit	13	13	100%
Ian Jackson	External	03/08/2020	02/08/2022	Corporation, F&R, Search	13	16	81%
Tony Keeling	External	03/08/2020	02/08/2022	Corporation, Audit	12	13	92%
Mary Kiernan	External	03/08/2020	02/08/2022	Corporation, C&Q	13	18	72%
Angie Morris	External	03/08/2020	02/08/2022	Corporation, C&Q	15	18	83%
David Pennell	External	03/08/2020	02/08/2022	Corporation, F&R, Search	16	16	100%
Jonathan Teesdale	External	03/08/2020	02/08/2022	Corporation, C&Q	11	15	73%
Paul Wingfield	External	03/08/2020	02/08/2022	Corporation, C&Q, Search	19	20	95%
Anne Earle	External	03/08/2020	Resigned 13/09/2020	Corporation	0	2	0%
Michael Rabbett	External	03/08/2020	Resigned 08/06/2021	Corporation, F&R	7	13	54%
Simon Smith	External	03/08/2020	Resigned 23/03/2021	Corporation, F&R	5	10	50%
Kelly Swingler	External	03/08/2020	Resigned 15/01/2021	Corporation, F&R	2	6	33%
Richard Wheeler	External	03/08/2020	Resigned 03/08/2020	Corporation, F&R	1	2	50%
Steve Saffhill	Staff	03/08/2020	02/08/2022	Corporation, C&Q	14	15	93%
Anthony Warner	Staff	03/08/2020	02/08/2022	Corporation, C&Q	14	15	93%
Gabe Manthorp	Staff	03/08/2020	Resigned 19/04/2021	Corporation, C&Q	10	10	100%
Alex Johns	Student	03/08/2020	02/08/2021	Corporation, C&Q	5	9	56%
Lionel Muskwe	Student	03/08/2020	02/08/2021	Corporation, C&Q	6	9	67%

## **Statement of Corporate Governance and Internal Control continued**

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Corporation is provided with regular and timely information on the overall financial performance of the Group together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation meets six times a year (usually 2 meetings a term).

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance and Resources, Remuneration, Governance and Search, Curriculum and Quality, and Audit. Full minutes of all meetings except those deemed to be confidential, are available from the Director of Governance at:

Inspire Education Group (previously Peterborough Regional Group)  
Park Crescent  
Peterborough  
PE1 4DZ

The Director of Governance maintains a register of financial and personal interests of the Corporation Board Members and some senior staff having responsibility for significant budgets. The register is available for inspection at the above address.

All Governors are able to take professional advice in furtherance of their duties at the Group's expense and have access to the Director of Governance, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Director of Governance are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive Members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chairman and CEO & Principal are separate.

### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search and governance committee which is responsible for the selection and nomination of any new members for the full Corporation's consideration.

## **Statement of Corporate Governance and Internal Control continued**

The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office not exceeding 4 years.

### **Remuneration Committee**

The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post holders. Details of remuneration for the year ended 31 July 2021 are set out in note 9 to the financial statements.

### **Audit Committee**

The Audit Committee comprises no fewer than 3 and no more than 6 Members of the Corporation (excluding the Principal), one of whom is Chair and no more than two external Members. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee normally meets on a termly basis and provides a forum for reporting by the Group's internal and financial statement auditors, who have access to the Committee for independent discussion, without the presence of Group management. The Committee also receives and considers reports from the main FE funding bodies as they affect the Group's business.

The Group's internal auditors assess the effectiveness of the Group's systems of internal control, risk management and governance processes in accordance with an agreed plan reporting their findings to management and the Audit Committee. Management is responsible for the implementation of agreed recommendations and the internal auditor undertakes periodic follow up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal and financial statement auditors and their remuneration for both audit and non-audit work.

## **Internal control**

### **Scope of responsibility**

The Corporation is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness.

The Corporation has delegated the day-to-day responsibility to the CEO & Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Group's policies, aims and objectives, whilst safeguarding the public funds and assets for which he or she is personally responsible, in accordance with the responsibilities assigned to her in the Grant Funding Agreements between the Group and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

## Statement of Corporate Governance and Internal Control continued

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Group policies, aims and objectives, to evaluate the likelihood of those risks being realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Group for the year ended 31 July 2021 and up to the date of approval of the annual report and accounts.

### *Capacity to handle risk*

The Corporation has reviewed the key risks to which the Group is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the Group's significant risks that has been in place for the period ended 31 July 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

### The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body;
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- Risk Management Group tasked to monitor Group action plans to manage risk; and
- the adoption of formal project management disciplines, where appropriate.

The Group has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the Group is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the Group. The report includes the HIA's independent opinion on the adequacy and effectiveness of the Group's system of risk management, controls and governance processes.

## Statement of Corporate Governance and Internal Control continued

### Review of effectiveness

As Accounting Officer, the CEO & Principal has responsibility for reviewing the effectiveness of the system of internal control. The CEO & Principal's review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors;
- the work of the executive managers within the Group who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the Group's financial statements auditors, the regularity auditors, the appointed funding auditors in their management letter and other reports.

The CEO & Principal has been advised on the implications of the result of this review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place. The Risk Management Group receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2021 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the senior leadership team and internal audit. Based on the advice of the Audit Committee and the CEO & Principal, the Corporation is of the opinion that the Group has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "*the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets*".

**Approved by order of the members of the Inspire Education Group Corporation on 24<sup>th</sup> December 2021 and signed on its behalf by:**



**Mr I Jackson**  
**Chair of the Corporation**



**Mrs J Meenaghan**  
**Principal and Chief Executive**

## **Statement on the College's Regularity, Propriety and Compliance**

The Inspire Education Group Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the Group's grant funding agreement and contracts with ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with ESFA.

We confirm on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the Group, or material non-compliance with the terms and conditions of funding under the Group's grant funding agreements and contract with ESFA.

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the ESFA.



**Mr I Jackson**  
**Chair of the Corporation**  
**Executive**  
**24<sup>th</sup> December 2021**



**Mrs J Meenaghan**  
**Principal and Chief**  
**24<sup>th</sup> December 2021**



## **Statement of Responsibilities of the Members of the Corporation**

The members of the corporation, who act as charity trustees for the charitable activities of the Group, are required to present audited financial statements for each financial year.

The terms applicable to the terms and conditions of the Group's Funding Agreements and contracts with ESFA, the corporation, through its accounting officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's Group accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the Group and its surplus / deficit of income over expenditure for that period.

In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare financial statements on the going concern basis, unless it is inappropriate to assume that the Group will continue in operation.

The Corporation is also required to prepare a Members' Report, which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Group.

The Corporation is responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Group, and enable them to ensure that the financial statements are prepared in accordance with the Further and Higher Education Act 1992 *and* the Charities Act 2011, and other relevant accounting standards. It responsible for taking steps in order to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the Group website is the responsibility of the Corporation of the Group; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Corporation are responsible for ensuring that funds from the Education and Skills Funding Agency are used only in accordance with the authorities that govern them as defined by and in accordance with Further & Higher Education Act 1992, subsequent legislation and related regulations and the Funding Agreement with the Education and Skills Funding Agency and any

other conditions that may be prescribed from time to time. They are also responsible for ensuring funds from Office for Students or other sources are properly applied for the purposes for which they have been given and in accordance with relevant legislation or terms and conditions attached to them. Approved by order of the members of the corporation on 24<sup>th</sup> December 2021 and signed on its behalf by:

A handwritten signature in cursive script, appearing to read 'Mr Ian Jackson', written over a dotted horizontal line.

**Mr Ian Jackson**  
**Chair of Governors**

# **INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF INSPIRE EDUCATION GROUP**

## **Opinion**

We have audited the financial statements of Inspire Education Group (the "College") and its subsidiaries (the "Group") for the year ended 31 July 2021 which comprise the consolidated and college statements of comprehensive income, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2021 and of the Group's and the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

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

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

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

## **Other information**

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

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

We have nothing to report in this regard.

## **Opinion on other matters prescribed by the Office for Students' Accounts Direction**

In our opinion, in all material respects:

- funds from whatever source administered by the college 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 Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2020 to 2021 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in note 4a to the accounts, has been materially misstated.

- The College's expenditure on access and participation activities for the financial year has been materially misstated.

### **Responsibilities of the Corporation of Inspire Education Group**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on pages 25 to 26, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the Group's and the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the Group or the College or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and College operate in and how the group and college are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency, Regulatory Advice 9: Accounts Direction published by the Office for Students' and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, remaining alert to new or unusual transactions which may not be in accordance with the governing documents and inquiring of management whether the Group is in compliance with these law and regulations.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the College is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business, and challenging judgments and estimates.

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

**Use of our report**

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 11 October 2021. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

RSM UK AUDIT LLP  
Chartered Accountants  
Blenheim House  
Newmarket Road  
Bury St Edmunds  
Suffolk  
IP33 3SB  
United Kingdom  
30 December 2021

**Inspire Education Group**  
**Consolidated and College Statements of Comprehensive Income**

	Note	Year ended 31 July		Year ended 31 July	
		2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
<b>INCOME</b>					
Funding body grants	2	32,562	31,536	32,999	32,917
Tuition fees and education contracts	3	10,771	4,972	7,238	6,370
Other grants and contracts	4	(4)	(4)	264	264
Other income	5	1,587	4,062	2,872	2,557
Endowment and investment income	6	26	26	49	49
Donations and Endowments	7	92	92	-	-
<b>Total income</b>		<b>45,034</b>	<b>40,684</b>	<b>43,422</b>	<b>42,157</b>
<b>EXPENDITURE</b>					
Staff costs	8	30,476	30,092	30,461	29,725
Restructuring Costs		46	46	191	191
Other operating expenses	9	13,503	10,010	11,305	10,726
Depreciation	14	2,577	2,500	2,462	2,404
Interest and other finance costs	10	455	439	518	498
Exceptional Costs	11	-	-	(57)	593
<b>Total expenditure</b>		<b>47,057</b>	<b>43,087</b>	<b>44,880</b>	<b>44,137</b>
<b>Surplus / (Deficit) before other gains and losses</b>		<b>(2,023)</b>	<b>(2,403)</b>	<b>(1,458)</b>	<b>(1,980)</b>
Loss on disposal of assets		(26)	(26)	-	-
Share of operating surplus/(deficit) in joint venture / associate				(382)	-
<b>Surplus / (Deficit) before tax</b>		<b>(2,049)</b>	<b>(2,429)</b>	<b>(1,840)</b>	<b>(1,980)</b>
Taxation	12	(2)		-	-
<b>Surplus for the year</b>		<b>(2,051)</b>	<b>(2,429)</b>	<b>(1,840)</b>	<b>(1,980)</b>
Unrealised surplus on revaluation of assets				-	-
Actuarial gain in respect of pensions schemes		25	25	(6,745)	(6,745)
		<b>(2,026)</b>	<b>(2,404)</b>	<b>(8,585)</b>	<b>(8,725)</b>

The accompanying notes on pages 36 to 66 form part of the financial statements



**Inspire Education Group**  
**Consolidated and College Balance sheets as at 31 July 2021**

	Notes	Group	College	Group	College
		2021 £'000	2021 £'000	2020 £'000	2020 £'000
<b>Fixed assets</b>					
Tangible fixed assets	14	39,758	39,668	37,474	37,366
Intangible assets	13	40		80	-
Investments	15	-	1	-	1
		<b>39,798</b>	<b>39,669</b>	<b>37,554</b>	<b>37,367</b>
<b>Current assets</b>					
Stocks		49	49	56	56
Trade and other receivables	16	3,028	5,968	2,993	2,843
Investments	17	3,322	3,322	3,322	3,322
Cash and cash equivalents	22	7,290	2,690	5,401	4,677
		<b>13,689</b>	<b>12,029</b>	<b>11,772</b>	<b>10,898</b>
<b>Less: Creditors – amounts falling due within one year</b>	18	<b>(7,482)</b>	<b>(6,117)</b>	<b>(5,940)</b>	<b>(4,925)</b>
<b>Net current assets</b>		<b>6,207</b>	<b>5,912</b>	<b>5,832</b>	<b>5,973</b>
<b>Total assets less current liabilities</b>		<b>46,006</b>	<b>45,581</b>	<b>43,386</b>	<b>43,339</b>
Less: Creditors – amounts falling due after more than one year	19	(10,291)	(10,291)	(8,258)	(8,258)
<b>Provisions</b>					
Defined benefit obligations	27	(27,257)	(27,257)	(24,571)	(24,571)
Other provisions	21	(828)	(828)	(902)	(902)
<b>Total net assets</b>		<b>7,629</b>	<b>7,204</b>	<b>9,655</b>	<b>9,608</b>
<b>Restricted reserves</b>					
Income and expenditure reserve - restricted reserve		5	5	5	5
<b>Unrestricted reserves</b>					
Income and expenditure account		(269)	(695)	1,617	1,569
Revaluation reserve		7,894	7,895	8,033	8,034
<b>Total unrestricted reserves</b>		<b>7,629</b>	<b>7,204</b>	<b>9,655</b>	<b>9,608</b>
<b>Total reserves</b>		<b>7,629</b>	<b>7,204</b>	<b>9,655</b>	<b>9,608</b>

The financial statements on pages 36 to 66 were approved and authorised for issue by the Corporation on 24th December 2021 and were signed on its behalf on that date by:



**Ian Jackson**  
**Chair**

**Inspire Education Group**  
**Consolidated and College Statement of Changes in Reserves**

	Income and Expenditure account	Revaluation reserve	Restricted Reserves	Capital Reserves	Total excluding Non controlling interest	Non Controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Group</b>							
<b>Balance at 1st August 2019</b>	10,073	8,070	5	115	18,263	-	18,263
Deficit from the income and expenditure account	(1,839)	-	-	-	(1,839)	-	(1,839)
Other comprehensive income	(6,745)	-	-	-	(6,745)	-	(6,745)
Transfers between revaluation and income and expenditure reserves	152	(152)	-	-	-	-	-
Adjustment to correct bfwed errors in SOCR	(24)	-	-	-	(24)	-	(24)
	<b>(8,456)</b>	<b>(152)</b>	<b>-</b>	<b>-</b>	<b>(8,608)</b>	<b>-</b>	<b>(8,608)</b>
<b>Balance at 31st July 2020</b>	1,617	7,918	5	115	9,655	-	9,655
Deficit from the income and expenditure account	(2,051)	-	-	-	(2,051)	-	(2,051)
Other comprehensive income	25	-	-	-	25	-	25
Transfers between revaluation and income and expenditure reserves	140	(140)	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(1,886)</b>	<b>(140)</b>	<b>-</b>	<b>-</b>	<b>(2,026)</b>	<b>-</b>	<b>(2,026)</b>
<b>Balance at 31st July 2021</b>	<b>(269)</b>	<b>7,778</b>	<b>5</b>	<b>115</b>	<b>7,629</b>	<b>-</b>	<b>7,629</b>
<b>College</b>							
<b>Balance at 1st August 2019</b>	10,160	8,071	5	115	18,351	-	18,351
Deficit from the income and expenditure account	(1,981)	-	-	-	(1,981)	-	(1,981)
Other comprehensive income	(6,745)	-	-	-	(6,745)	-	(6,745)
Transfers between revaluation and income and expenditure reserves	152	(152)	-	-	-	-	-
Adjustment to correct bfwed errors in SOCR	(17)	-	-	-	(17)	-	(17)
	<b>(8,591)</b>	<b>(152)</b>	<b>-</b>	<b>-</b>	<b>(8,743)</b>	<b>-</b>	<b>(8,743)</b>
<b>Balance at 31st July 2020</b>	1,569	7,919	5	115	9,608	-	9,608
Deficit from the income and expenditure account	(2,429)	-	-	-	(2,429)	-	(2,429)
Other comprehensive income	25	-	-	-	25	-	25
Transfers between revaluation and income and expenditure reserves	140	(140)	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(2,264)</b>	<b>(140)</b>	<b>-</b>	<b>-</b>	<b>(2,404)</b>	<b>-</b>	<b>(2,404)</b>
<b>Balance at 31st July 2021</b>	<b>(695)</b>	<b>7,780</b>	<b>5</b>	<b>115</b>	<b>7,204</b>	<b>-</b>	<b>7,204</b>

The accompanying notes on pages 36 to 66 form part of the financial statements

**Inspire Education Group**  
**Consolidated Statement of Cash Flows**

	Notes	2021 £'000	2020 £'000
<b>Cash inflow from operating activities</b>			
Deficit for the year		(2,051)	(1,839)
<b>Adjustment for:</b>			
Depreciation	14	2,577	2,461
Amortisation		40	41
Loss on disposal of fixed assets		26	-
Donation of assets		(92)	-
Investment income (Interest Received)		(26)	(48)
Interest payable	10	455	237
Increase/(decrease) in provisions		(74)	27
Pensions costs		2,350	2,073
Share of operating surplus of associate		-	382
<b>Op. Cashflow before movement in Working Capital</b>		<b>3,205</b>	<b>3,334</b>
(Increase)/decrease in stocks		7	2
(Increase)/decrease in debtors		(35)	267
Increase/(decrease) in creditors due within one year		1,393	497
Increase/(decrease) in creditors due after one year		-	(420)
Capital Grant Release	2	(483)	(439)
<b>Cash Generated from Operations</b>		<b>4,087</b>	<b>3,241</b>
Taxation paid		2	-
<b>Net cash flow from operating activities</b>		<b>4,089</b>	<b>3,241</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		-	-
Disposal of non-current asset investments		-	-
Capital Investment Grant		2,744	185
Investment income		26	48
Withdrawal of deposits	22	-	3,513
Payments made to acquire fixed assets		(4,794)	(2,360)
		<u>(2,024)</u>	<u>1,386</u>
<b>Cash flows from financing activities</b>			
Interest paid		(94)	(151)
Repayments of amounts borrowed	22	(82)	(1,999)
		<u>(176)</u>	<u>(2,150)</u>
<b>Increase in cash and cash equivalents in the year</b>		<b>1,889</b>	<b>2,477</b>
Cash and cash equivalents at beginning of the year	22	5,401	2,924
Cash and cash equivalents at end of the year	22	7,290	5,401

The accompanying notes on pages 36 to 66 form part of the financial statements

## Notes to the Financial Statements for the year ended 31 July 2021

### 1. Accounting policies

#### General information

Inspire Education Group is a corporation established under the Further and Higher Education Act 1992 as an English general college group of further education. The address of the College's principal place of business is given on page 2. The nature of the Group's operations is set out in the Members' Report.

#### Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (F & HE SORP 2019), *the College Accounts Direction for 2020 to 2021*, and Regulatory Advice 9: Accounts Direction issued by the Office for Students and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (FRS 102) under the historical cost convention. IEG is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

On 1 August 2020 Peterborough Regional College completed a 'Type B' merger with New College Stamford. This resulted in the all assets, liabilities, staff and students from New College Stamford transferring to Peterborough Regional College, and being simultaneously renamed Inspire Education Group (IEG). These financial statements have been prepared using merger accounting principles, which mean that the comparative values are restated by including the results for the merged Colleges for the previous accounting period and the balance sheets for the previous year end date.

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been applied consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are presented in sterling which is also the functional currency of IEG.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

#### Reduced disclosures

In accordance with the FE & HE SORP 2019 and FRS 102, IEG in its separate financial statements, which are presented alongside the consolidated financial statements, has taken advantage of the disclosure exemptions available to it in respect of presentation of a cash flow statement and financial instruments.

#### Basis of consolidation

The consolidated financial statements include IEG and its subsidiaries, Anglia Professional Training Limited, Quality Resourcing Solutions Limited, and University Centre Peterborough, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity, so as to obtain benefits from its activities. The results of subsidiaries acquired or sold are consolidated using the purchase method for the periods from or to the date that control passes. All financial statements are made up to 31 July 2021.

## Inspire Education Group

### Notes to the Financial Statements for the year ended 31 July 2021

#### 1. Accounting policies contd.

All intra-group transactions, balances and unrealised gains on transactions between group entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

#### Going concern

The financial position at the balance sheet date was such that the group believes it had sufficient resources to continue to meet the liabilities of the continued operations of Inspire Education Group. This assessment has been made by the Corporation having reviewed the current and future year forecast to July 2023. This forecast includes the assets, liabilities and ongoing operations of the organisation. This review has significantly reduced some funding streams, such as HE and 16-18 full time study programme funding, and anticipates in a prudent manner announcements of funding increases of 40 hours per week per student, and a 2% base rate funding increase for those same programmes. It also includes an increase for minimum wage rises, and the increase in national insurance contributions. Forecasts assumes that generally the group will operate normally for the remainder of 2021/22 and for all of 2022/23. All figures consider the risks posed by the ongoing pandemic and all other principal risks and uncertainties identified. The members of the corporation make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Group has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Group's ability to continue as a going concern. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### Grants – government and non-government

##### *Revenue grant funding*

Government revenue grants are accounted for under the accrual model and are recognised where a reliable estimate of the asset received or receivable can be made on a systematic basis over the periods in which the related costs for which the grant compensates are recognised.

Adult Education Budget ('AEB') grant funding income was recognised in 2020/21 at the allocation value, where 90% of the allocation was fulfilled, and reduced in line with the guidance where there was a shortfall in operations.

16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments and is recognised when receivable. Levy-funded and ESFA funding for co-investment model apprenticeships income is measured in line with best estimates of the provision delivered in the year.

The recurrent grant from the Office for Students ('OfS') represents the funding allocations attributable to the current financial year and is recognised when received or receivable.

## Inspire Education Group

### Notes to the Financial Statements for the year ended 31 July 2021

#### 1. Accounting policies contd.

Grants from non-government sources, including grants relating to assets, are recognised in income when the performance-related conditions have been met and the grant will be received. Income received in advance of performance related conditions being met is recognised as a liability.

##### *Capital grant funding - government grants*

Government capital grants for assets, including land, are accounted for under the accruals model and for land the performance model. The grant income received or receivable will be recognised over the expected useful life of the asset, with any amount of the asset-related grant that is deferred being recognised as deferred income. The deferred income is allocated between creditors due within one year and those due after more than one year recognised in income when the performance-related conditions have been met and the grant will be received.

##### **Other income**

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

Income from tuition fees, including employer funding for co-investment funded apprenticeships is recognised over the period for which it is received. All income from short-term deposits is accrued in the period in which it is earned on a receivable basis.

##### **Retirement benefits**

Retirement benefits to employees of the Group are principally provided by Teachers' Pensions Scheme (TPS) and the Local Government Pension Scheme (LGPS), which are multi-employer defined benefit plans.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the Group in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charged to the statement of comprehensive income being the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are

## Inspire Education Group

### Notes to the Financial Statements for the year ended 31 July 2021

#### 1. Accounting policies contd.

included as part of staff costs. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts include in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

#### **Short term employment benefits**

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the Group. The cost of any unused holiday entitlement the Group expects to pay in future periods is recognised in the period the employees' services are rendered.

#### **Enhanced pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the Group annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to comprehensive income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

#### **Fixed asset investments**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses in the separate financial statements of IEG

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in comprehensive income.

#### **Joint Ventures and Associates**

The Group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method based on the associate's financial statements.

Any difference between the cost of acquisition and the group's share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill and is included in the carrying value of the investment in the associate. losses in excess of the carrying amount of an investment in an associate are as a recognised as a provision only to the extent that the College has an obligation or has made payments on behalf of the associate.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses.

## Inspire Education Group

### Notes to the Financial Statements for the year ended 31 July 2021

#### 1. Accounting policies contd.

##### Land and buildings

Most land and buildings are freehold. Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation based on depreciated replacement costs, as the open market value for existing use is not readily obtainable. Land is not depreciated, and is stated at cost less accumulated impairment losses. Buildings are stated at cost less accumulated depreciation and accumulated impairment losses.

##### Equipment

Equipment costing less than £1,000 per individual item or set of items acquired together is recognised as expenditure in the period of acquisition. All other equipment is capitalised and recognised at cost less accumulated depreciation and accumulated impairment losses.

##### Depreciation and residual values

Freehold land is not depreciated. Depreciation on other assets is calculated, using the straight-line basis, to write off the cost of each asset to its estimated residual value over its expected useful lives, as follows:

Freehold buildings	over periods up to 50 years
Long leasehold buildings	over the shorter of 50 years and the remaining lease term
Technical equipment	5 years
Motor vehicles	4 years
Furniture, fixtures and fittings	10 years
Computer equipment	3-5 years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to deferred capital grants and released to the income and expenditure account over the expected useful economic life of the related equipment.

Specialist assets costing less than £10,000 that are purchased for the dedicated use of individual learners are written off over the period for which those learners have enrolled.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Subsequent costs, including replacement parts, are only capitalised when it is probable that such costs will generate future economic benefits. Any replaced parts are then derecognised. All other costs of repairs and maintenance are expenses as incurred.



## Inspire Education Group

### Notes to the Financial Statements for the year ended 31 July 2021

#### 1. Accounting policies contd.

##### Intangible assets

###### Goodwill

Purchased goodwill is capitalised and amortised on a straight-line basis over 10 years.

##### Impairments of fixed assets

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

If such indications exist, an estimate is made of the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment of revalued assets, is treated as a revaluation loss. All other impairment losses are recognised in comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in comprehensive income or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

##### Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31<sup>st</sup> July. They are not depreciated until they are brought into use.

##### Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred. The College has prepared a planned maintenance programme, which is reviewed on an annual basis. The cost of carrying out planned maintenance is charged to the income and expenditure account in the period in which it is incurred.

##### Computer software

Expenditure on computer software is regarded as a fixed asset where the implementation of a new system to be used over a number of accounting periods is incurred. Annual licence fees and other software costs are charged to the income and expenditure account in the period in which it is incurred.

## Inspire Education Group

### Notes to the Financial Statements for the year ended 31 July 2021

#### 1. Accounting policies contd.

##### **Borrowing costs**

Borrowing costs are recognised as expenditure in the period in which they are incurred.

##### **Leased assets**

###### *Operating leases*

All leases are operating leases and annual rents are charged to comprehensive income on a straight-line basis over the lease term.

Leasing agreements, which transfer to the Group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The relevant assets are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from Funding Body grants, the associated assets are designated as grant-funded assets. Assets that are held under hire purchase contracts, which have the characteristics of finance leases, are depreciated over their useful lives.

##### **Stock**

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to disposal. Where necessary, provision is made for obsolete, slow moving and defective items.

##### **Financial Instruments**

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

###### *Financial assets and liabilities*

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

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable within one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing

## Inspire Education Group

### Notes to the Financial Statements for the year ended 31 July 2021

#### 1. Accounting policies contd.

transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### *Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

#### **Taxation**

IEG is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, IEG is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

IEG is partially exempt in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs and added to that of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature. The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

#### **Provisions and contingent liabilities**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and the amount of the obligation can be reliably measured.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

## Inspire Education Group

### Notes to the Financial Statements for the year ended 31 July 2021

#### 1. Accounting policies contd.

A contingent liability arises from a past event that gives the Group 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 Group. 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 reliably measured. Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

#### **Agency arrangements**

The Group acts as an agent in distributing Bursary support funds from the funding bodies. Payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the Group where the Group does not have control of the economic benefit related to the transaction.

#### **Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Critical areas of judgement*

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

Determine whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

#### *Critical accounting estimates and assumptions*

#### *Tangible fixed assets*

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

## Inspire Education Group

### Notes to the Financial Statements for the year ended 31 July 2021

#### 1. Accounting policies contd.

##### *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

##### *Impairment of fixed assets*

The Group considers whether tangible fixed assets are impaired. Where an indication of impairment is identified the estimation of the recoverable amount of the asset or the recoverable amount of the cash-generating unit is required. These will require an estimation of the future cash flow and selection of an appropriate discount rates in order to calculate the net present value of those cash flows.

## Inspire Education Group

### Notes to the Accounts

#### 2 Funding body grants

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency - adult	1,257	1,256	3,905	3,905
Education and Skills Funding Agency – 16 -18	23,235	23,236	22,139	22,139
Office for Students - Higher Education	534	-	194	131
Education and Skills Funding Agency - apprenticeships	3,232	2,740	3,529	3,529
<b>Specific Grants</b>				
Releases of government capital grants	483	483	438	438
High Needs Level 2 Funding	1,782	1,782	1,626	1,626
Education and Skills Funding Agency - <i>Maths Centre of Excellence, 16-19 Tuition Fund &amp; CDF</i>	1,261	1,261	411	411
Teachers Pension contribution grant	778	778	727	727
Education and Skills Funding Agency - provider relief	-	-	19	-
Prior Year Adjustment	-	-	11	11
<b>Total</b>	<b>32,562</b>	<b>31,536</b>	<b>32,999</b>	<b>32,917</b>

#### 3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	949	814	1,990	1,122
AEB - Non ESFA Funded	1,814	1,743	347	347
Apprenticeship fees and contracts	64	29	214	214
Fees for FE loan supported courses	302	302	49	49
Fees for HE loan supported courses	5,553	(3)	1,379	1,379
Total tuition fees	8,682	2,885	3,979	3,111
Education contracts	2,089	2,087	3,259	3,259
<b>Total</b>	<b>10,771</b>	<b>4,972</b>	<b>7,238</b>	<b>6,370</b>

#### 4 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Erasmus	(4)	(4)	-	-
UK-based charities	-	-	-	-
European Commission	-	-	-	-
Other grants and contracts	-	-	264	264
<b>Total</b>	<b>(4)</b>	<b>(4)</b>	<b>264</b>	<b>264</b>

## Inspire Education Group

### Notes to the Accounts

#### 4A Total grant and fee income

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Grant income from the OfS	534	-	194	131
Grant income from other bodies	32,027	31,536	32,805	32,786
<b>Total grants</b>	<b>32,562</b>	<b>31,536</b>	<b>32,999</b>	<b>32,917</b>
Fee income for taught awards (exclusive of VAT)	5,553	(3)	1,713	1,515
Fee income for research awards (exclusive of VAT)	-	-	-	-
Fee income from non-qualifying courses (exclusive of VAT)	3,130	2,887	2,266	1,596
<b>Total tuition fees and education contracts</b>	<b>8,683</b>	<b>2,884</b>	<b>3,979</b>	<b>3,111</b>
<b>Total grant and fee income</b>	<b>41,245</b>	<b>34,420</b>	<b>36,978</b>	<b>36,028</b>

#### 5 Other income

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering	244	244	922	375
Other income generating activities	540	538	1,058	1,300
Transport	645	645	463	463
Miscellaneous income	158	2,635	429	419
<b>Total</b>	<b>1,587</b>	<b>4,062</b>	<b>2,872</b>	<b>2,557</b>

#### 6 Investment income

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other investment income	-	-	-	-
Other interest receivable	26	26	49	49
	<b>26</b>	<b>26</b>	<b>49</b>	<b>49</b>
Net return on pension scheme (note 25)	-	-	-	-
<b>Total</b>	<b>26</b>	<b>26</b>	<b>49</b>	<b>49</b>

## Inspire Education Group

### Notes to the Accounts

#### 7 Donations - Group and College

	Year ended 31 July	
	2021	2020
	£'000	£'000
Gift of laptops & Chromebooks from the Department of Education	92	-
<b>Total</b>	92	-

#### 8 Staff costs - Group and College

The average number of persons (including key management personnel) employed by the College during the year:

	Group 2021 No.	College 2021 No.	Group 2020 No.	College 2020 No.
Teaching staff	606	595	778	693
Non teaching staff	516	308	472	359

	<b>1,122</b>	<b>903</b>	<b>1,250</b>	<b>1,052</b>
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#### Staff costs for the above persons

	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Wages and salaries	16,767	16,483	20,082	19,376
Social security costs	1,526	1,511	1,746	1,723
Other pension costs	6,307	6,301	5,797	5,792
Apprenticeship Levy	60	59	54	52

#### Payroll sub total

	<b>24,660</b>	<b>24,354</b>	<b>27,679</b>	<b>26,943</b>
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Contracted out staffing services	5,816	5,738	2,782	2,782
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	<b>30,476</b>	<b>30,092</b>	<b>30,461</b>	<b>29,725</b>
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Fundamental restructuring costs - contractual	21	21	185	185
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non contractual	25	25	6	6
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	<b>30,522</b>	<b>30,138</b>	<b>30,652</b>	<b>29,916</b>
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## Inspire Education Group

### Notes to the Accounts

#### 8 Staff costs - Group and College continued

##### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Senior Leadership Team which normally comprises of three posts. During 2020-21 there were four posts in total across the year, as follows. At IEG posts covering the full year were The CEO and Principal Stamford College, Deputy CEO and Principal Peterborough College, Chief Financial Officer & Executive Director Business Development.

There was no loss of office during 2020/21.

##### Emoluments of Key management personnel, Accounting Officer and other higher paid staff

	2021 No.	2020 No.
The number of key management personnel including the Principal & Chief Executive was:	4	8
	4	8

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions and employers national insurance but including benefits in kind, in the following ranges was:

	Senior post-holders		Other Staff	
	2021 No.	2020 No.	2021 No.	2020 No.
£50,001 to £55,000	-	-	4	-
£55,001 to £60,000	-	-	6	-
£60,001 to £65,000	-	1	1	2
£70,001 to £75,000	-	2	-	1
£75,001 to £80,000	1	1	1	-
£90,001 to £95,000	-	1	-	-
£95,001 to £100,000	-	-	-	1
£115,001 to £120,000	1	-	-	-
£125,001 to £130,000	-	1	-	-
£130,001 to £135,000	-	1	-	-
£135,001 to £140,000	-	1	-	-
£150,001 to £155,000	1	-	-	-
£165,001 to £170,000	1	-	-	-
	4	8	12	4

## Inspire Education Group

### Notes to the Accounts

#### 8 Staff costs - Group and College continued

Key management personnel compensation is made up as follows:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Salaries - gross of salary sacrifice and waived	511	738
Employers National Insurance contributions	66	92
Benefits in kind	1	2
	<b>578</b>	<b>832</b>
Pension contributions paid	119	154
<b>Total emoluments</b>	<b>697</b>	<b>986</b>

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above compensation includes amounts payable to the Principal & Chief Executive (who is also the highest paid officer) of the following:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	168	270
Benefits in kind	1	2
	<b>169</b>	<b>272</b>
Pension contributions	21	57

2020 Comparatives include the salary information of two Accounting Officers incurred prior to merger. Remuneration for the Accounting Officer at Peterborough Regional College was £131K, and at New College Stamford it was £141K. The salary costs for 2021 is representative that of one Accounting Officer

The Governing Body has the College Senior Pay Survey 2019, published May 2020 and continues to use it to assess senior pay.

The remuneration package of key management staff, including the Principal and Chief Executive and Principal and Deputy Chief Executive of IEG, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information from the college senior pay survey 2019 to provide objective guidance against the size and complexity of the merged group, relative to the sector.

The Principal and Chief Executive reports to the Chair of the Governing body, who undertakes an annual review of her performance and that of the Deputy Chief Executive against the group's overall objectives, using both qualitative and quantitative measure of performance.

## Inspire Education Group

### Notes to the Accounts

#### 8 Staff costs - Group and College continued

##### Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple

	2021	2020
Principal and CEO's basic salary as a multiple of the median of all staff	5.86	5.27
Principal and CEO's total remuneration as a multiple of the median of:	6.59	5.55

##### Compensation for loss of office paid to former key

There were no payments required to be made in the year for compensation for loss of office.

The members of the Corporation other than the Principal & Chief Executive and the staff member did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

#### 9 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	6,689	5,698	5,248	5,204
Non teaching costs	5,042	2,614	4,215	3,767
Premises costs	1,772	1,698	1,842	1,755
<b>Total</b>	<b>13,503</b>	<b>10,010</b>	<b>11,305</b>	<b>10,726</b>

##### Other operating expenses include:

	2021	2020
	£'000	£'000
Auditors' remuneration:		
Fees payable to RSM UK LLP in respect of:		
Audit of College & Group	42	54
Audit of Subsidiaries	11	3
Audit of TPS	4	-
Internal audit	16	42
Hire of assets under operating leases	216	224
Loss on Disposal	26	-

## Inspire Education Group

### Notes to the Accounts

<b>10 Interest payable - Group and College</b>	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
On bank loans, overdrafts and other loans:	94	78	150	130
	<u>94</u>	<u>78</u>	<u>150</u>	<u>130</u>
On finance leases	-	-	19	19
Net interest on defined pension liability (note 25)	361	361	349	349
	<u>361</u>	<u>361</u>	<u>349</u>	<u>349</u>
<b>Total</b>	<b><u>455</u></b>	<b><u>439</u></b>	<b><u>518</u></b>	<b><u>498</u></b>

### 11 Exceptional Costs

In 2019/20 there were exceptional costs of £593K College and (£57K) Group, as a result of Inspire Education Group (then trading as Peterborough Regional College) exiting a number of entities. The college exited iMET, a joint venture with Cambridgeshire Regional College, the loss on exit was £423K. The college also recognised net liabilities on transfer in of all Peterborough Regional College Ventures (PRCV) activities of £227K. Offset against this was a credit as a result of an over-provision for losses on the closure of Construction Training Services (CTS), where amounts recovered exceeded expectations by £57K.

### 12 Taxation - Group only

	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
United Kingdom corporation tax at 19 per cent	-	-	-	-
Provision for deferred corporation tax in the accounts of				
APT, UCP & QRS	2	-	-	-
	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>2</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

The members do not believe that the College was liable for any corporation tax arising out of its activities during either year.

The tax charge above relates to its trading subsidiary companies.

## Inspire Education Group

### Notes to the Accounts

#### 13 Intangible fixed assets (Group)

	<b>Goodwill Total</b>	
	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation</b>		
At 1 August 2020	402	402
Additions/Disposals		
<b>At 31st July 2021</b>	<b>402</b>	<b>402</b>
<b>Depreciations</b>		
At 1 August 2020	322	322
Charge for the year	40	40
Elimination in respect of Disposals		
<b>At 31st July 2021</b>	<b>362</b>	<b>362</b>
<b>Net bookvalue at 31st July 2021</b>	<b>40</b>	<b>40</b>
Net book value at 31st July 2020	80	80

#### 14 Tangible fixed assets (Group)

	<b>Land and buildings</b>		<b>Equipment</b>	<b>Assets in the</b>	<b>Total</b>
	<b>Long</b>			<b>Course of</b>	
	<b>Freehold</b>	<b>leasehold</b>		<b>Construction</b>	<b>£'000</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>					
At 1 August 2020	51,228	639	20,184	589	72,640
Presentation Adjustment to bfwd Assets	78		(1,182)		(1,104)
Additions	1,509	-	1,674	1,703	4,886
Transfers	1,947		240	(2,187)	-
Disposals	(98)	-	(11,346)	-	(11,444)
<b>At 31 July 2021</b>	<b>54,664</b>	<b>639</b>	<b>9,570</b>	<b>105</b>	<b>64,978</b>
<b>Depreciation</b>					
At 1 August 2020	18,809	639	15,718	-	35,166
Presentation Adjustment to bfwd Assets	68		(1,173)		(1,105)
Charge for the year	1,076		1,501		2,577
Elimination in respect of disposals	(98)	-	(11,320)	-	(11,418)
<b>At 31 July 2021</b>	<b>19,855</b>	<b>639</b>	<b>4,726</b>	<b>-</b>	<b>25,220</b>
<b>Net book value at 31 July 2021</b>	<b>34,809</b>	<b>-</b>	<b>4,844</b>	<b>105</b>	<b>39,758</b>
Net book value at 31 July 2020	32,420	-	4,466	589	37,474

## Inspire Education Group

### Notes to the Accounts

#### 14 Tangible fixed assets (College)

	Land and buildings		Equipment	Assets in the Course of Construction	Total
	Freehold £'000	Long leasehold £'000			
<b>Cost or valuation</b>					
At 1 August 2020	51,228	639	19,967	589	72,423
Presentation Adjustment to bfwd Assets			(1,105)		(1,105)
Additions	1,509	-	1,616	1,703	4,828
Transfers	1,947		240	(2,187)	-
Disposals	(98)	-	(11,346)	-	(11,444)
<b>At 31 July 2021</b>	<b>54,586</b>	<b>639</b>	<b>9,372</b>	<b>105</b>	<b>64,702</b>
<b>Depreciation</b>					
At 1 August 2020	18,809	639	15,609	-	35,057
Presentation Adjustment to bfwd Assets			(1,105)		(1,105)
Charge for the year	1,068		1,432	-	2,500
Elimination in respect of disposals	(98)	-	(11,320)		(11,418)
<b>At 31 July 2021</b>	<b>19,779</b>	<b>639</b>	<b>4,616</b>	<b>-</b>	<b>25,034</b>
<b>Net book value at 31 July 2021</b>	<b>34,807</b>	<b>0</b>	<b>4,756</b>	<b>105</b>	<b>39,668</b>
Net book value at 31 July 2020	32,419	0	4,358	589	37,366

#### 15 Fixed Asset Investments - college

	College 2021 £'000	College 2020 £'000
Investments in subsidiary companies	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

Inspire Education Group owns 100 per cent of the issued ordinary £1 shares of Anglia Professional Training Limited, a company incorporated in England and Wales. The principal business activity of Anglia Professional Training Limited is provision of training and education.

Inspire Education Group owns 125 £1 ordinary shares in Peterborough Skills Limited which amounts to a 20 percent share of the company. The principal activity of Peterborough Skills Limited is the provision of training to the automotive industry.

Inspire Education Group owns 100 per cent of QRS Limited, a company incorporated in England and Wales, and is limited by guarantee. The principal business activity of QRS Limited was for the provision of staff to The Inspire Education Group

## Inspire Education Group

### Notes to the Accounts

#### 16 Trade and other receivables

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:				
Trade receivables	1,195	871	840	305
Amounts owed by group undertakings:	-	3,731	-	471
Subsidiary undertakings	-	-	-	-
Associate undertakings	-	-	-	-
Prepayments and accrued income	1,152	1,366	1,492	1,406
Amounts owed by the EFSA	-	-	661	661
Other Debtors	681	-	-	-
<b>Total</b>	<b><u>3,028</u></b>	<b><u>5,968</u></b>	<b><u>2,993</u></b>	<b><u>2,843</u></b>

#### 17 Current investments

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Short term deposits	3,322	3,322	3,322	3,322
<b>Total</b>	<b><u>3,322</u></b>	<b><u>3,322</u></b>	<b><u>3,322</u></b>	<b><u>3,322</u></b>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

#### 18 Creditors: amounts falling due within one year

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	88	88	84	84
Obligations under finance leases	-	-	-	-
Trade payables	460	300	272	381
Payments Made in Advance	-	-	-	-
Amounts owed to group undertakings:	-	-	-	-
Subsidiary undertakings	-	46	-	64
Corporation tax	4	-	-	-
Other taxation and social security	484	475	316	316
Accruals and deferred income	4,807	3,625	4,594	3,407
Deferred income - government capital	615	563	473	473
Deferred income - government revenue	-	-	-	-
Other creditors	1,024	1,020	201	201
<b>Total</b>	<b><u>7,482</u></b>	<b><u>6,117</u></b>	<b><u>5,940</u></b>	<b><u>4,926</u></b>

## Inspire Education Group

### Notes to the Accounts

#### 19 Creditors: amounts falling due after one year

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans	649	649	735	735
Obligations under finance leases	-	-	-	-
Deferred income - government capital	9,642	9,642	7,523	7,523
<b>Total</b>	<b><u>10,291</u></b>	<b><u>10,291</u></b>	<b><u>8,258</u></b>	<b><u>8,258</u></b>

#### 20 Maturity of debt

##### (a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In one year or less	88	88	84	84
Between one and two years	649	649	180	180
Between two and five years	-	-	555	555
In five years or more	-	-	-	-
<b>Total</b>	<b><u>737</u></b>	<b><u>737</u></b>	<b><u>819</u></b>	<b><u>819</u></b>



## Inspire Education Group

### Notes to the Accounts

#### 21 Provisions

#### Group and College

	Defined benefit Obligations £'000	Restructuring £'000	Enhanced pensions £'000	Other £'000	Total £'000
At 1 August 2020	24,571	-	902	-	25,473
Utilised in the year	2,711	-	(74)	-	2,637
Additional provision in the year	(25)	-	12	-	(13)
Unwinding of discount	-	-	(12)	-	(12)
Other comprehensive	-	-	-	-	-
Reversed in the year	-	-	-	-	-
<b>At 31 July 2021</b>	<b><u>27,257</u></b>	<b><u>-</u></b>	<b><u>828</u></b>	<b><u>-</u></b>	<b><u>28,085</u></b>

The enhanced pension provision relates to the cost of staff that have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies. The principal assumptions for this calculation are:

2021 2020

Price inflation 1.3% 1.6%

Discount rate 2.2% 2.6%

#### 22 Consolidated analysis of changes in net debt

	At 1 August 2020 £'000	Cash flows £'000	Other changes £'000	At 31 July 2021 £'000
Cash and cash equivalents	5,401	1,889	-	7,290
Bank Overdrafts	5,401	1,889	-	7,290
	-	-	-	-
Bank Loan: Due within 1 year	(84)	82	(86)	(88)
Bank Loan: Due after 1 year	(735)	-	86	(649)
Investments	3,322	-	-	3,322
<b>Total net funds</b>	<b><u>7,904</u></b>	<b><u>1,971</u></b>	<b><u>-</u></b>	<b><u>9,875</u></b>

#### 23 Capital commitments

	Group and College	
	2021 £'000	2020 £'000
Commitments contracted for at 31 July	<u>3,200</u>	<u>1,647</u>

The Construction Centre was part way through an extension as at the 31st July 2021. The total costs of the capital works is £3,300K

## Inspire Education Group

### Notes to the Accounts

#### 24 Lease Obligations

At 31 July the Group and College had minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2021 £'000</b>	<b>College 2021 £'000</b>	<b>Group 2020 £'000</b>	<b>College 2020 £'000</b>
<b>Future minimum lease payments due</b>				
<b>Land and buildings</b>				
Not later than one year	119	72	104	104
Later than one year and not later than five years	48	48	217	217
later than five years	936	936	1,080	1,080
	<u>1,103</u>	<u>1,056</u>	<u>1,401</u>	<u>1,401</u>
<b>Other</b>				
Not later than one year	35	35	22	22
Later than one year and not later than five years	41	41	-	-
later than five years				
	<u>76</u>	<u>76</u>	<u>22</u>	<u>22</u>
Total lease payments due	<u>1,179</u>	<u>1,132</u>	<u>1,423</u>	<u>1,423</u>

#### 25 Contingent liabilities

There are currently no contingent liabilities

#### 26 Events after the reporting period

There are no events after the reporting period

## Inspire Education Group

### Notes to the Accounts

#### 27 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Cambridgeshire Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Cambridge Pension Fund. Both are multi-employer defined-benefit plans.

<b>Total pension cost for the year</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Teachers Pension Scheme: contributions paid	2,124	1,948
Local Government Pension Scheme:		
Contributions paid	1,824	2,003
FRS 102 (28) charge	<u>2,353</u>	<u>1,846</u>
Charge to the Statement of Comprehensive Income	4,177	3,849
Enhanced pension charge to Statement of Comprehensive Income	-	-
	-	-
<b>Total Pension Cost for Year</b>	<b><u>6,301</u></b>	<b><u>5,797</u></b>

## Inspire Education Group

### Notes to the Accounts

#### 27 Defined benefit obligations (continued)

##### **FRS 102 (28)**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

Under the definitions set out in FRS 102 (28.11), IEG is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, IEG has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. IEG has set out above the information available on the plan and the implications for the Group in terms of the anticipated contribution rates.

##### **Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Cambridgeshire County Council. The total contribution made for the year ended 31 July 2021 was £1,824,000, of which employer's contributions totalled £1,324,000 and employees' contributions totalled £500,000. The agreed contribution rates for future years are 21.6 % for employers and range from 5.5% to 7.5% cent for employees, depending on salary.

##### **Teacher's Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

## Inspire Education Group

### Notes to the Accounts

#### 27 Defined benefit obligations (continued)

##### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2021 by a qualified independent actuary

	At 31 July	At 31 July
	2021	2020
Rate of increase in salaries	3.30%	2.60%
Future pensions increases	2.80%	2.10%
Discount rate for scheme liabilities	1.60%	1.40%
Inflation assumption (CPI)	2.80%	2.10%
Commutation of pensions to lump sums	25%	50% to 75%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July	At 31 July
	2021	2020
	years	years
<i>Retiring today</i>		
Males	22.20	21.70
Females	24.40	23.85
<i>Retiring in 20 years</i>		
Males	23.20	22.55
Females	26.20	25.35

	At 31 July	At 31 July
	2021	2020
	£'000	£'000
<b>Sensitivity analysis</b>		
Discount rate +0.1%	-1945	-496.2
Discount rate -0.1%	1945	496.2
Mortality assumption – 1 year increase	3478	827
Mortality assumption – 1 year decrease	-3478	-827
CPI rate +0.1%	1834	473.2
CPI rate -0.1%	-1834	-473.2

## Inspire Education Group

### Notes to the Accounts

#### 27 Defined benefit obligations (continued)

##### Local Government Pension Scheme (Continued)

The College's share of the assets in the plan and the expected rates of return were:

	Fair Value at 31 July 2021	Fair Value at 31 July 2020
	£'000	£'000
Equities	39,992	33,687
Bonds	10,147	7,193
Property	8,357	6,629
Cash	1,194	1,526
<b>Total market value of</b>	<b>59,690</b>	<b>49,035</b>
<b>Actual return on plan</b>	<b>10,655</b>	<b>(498)</b>

The amount included in the balance sheet in respect of the defined benefit pension plan (and enhanced pensions benefits) is as follows:

	2021 £'000	2020 £'000
Fair value of plan assets	59,690	49,035
Present value of plan liabilities	(86,902)	(73,601)
Present value of unfunded liabilities	(45)	(5)
<b>Net pensions (liability) Note 21</b>	<b>(27,257)</b>	<b>(24,571)</b>

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	2021 £'000	2020 £'000
<b>Amounts included in staff costs</b>		
Current service cost	(4,177)	(3,763)
Past service cost	-	-
<b>Total</b>	<b>(4,177)</b>	<b>(3,763)</b>

**Inspire Education Group**

**Notes to the Accounts**

**27 Defined benefit obligations (continued)**

**Local Government Pension Scheme (Continued)**

**Amounts included in expenditure - Interest and other financing costs**

Net interest expenditure	361	167
	<b>361</b>	<b>167</b>

**Amounts recognised in Other Comprehensive Income**

Return on pension plan assets	8,896	(1,820)
Experience losses arising on defined benefit obligations	1,052	(58)
Changes in assumptions underlying the present value of plan liabilities	(9,923)	(4,867)
Amount recognised in Other Comprehensive Income	<b>25</b>	<b>(6,745)</b>

**Movement in net defined benefit (liability/asset) during the year**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Deficit in scheme at 1 August	(24,571)	(15,667)
Movement in year:		0
Current service cost	(4,177)	(3,763)
Employer contributions	1,824	1,998
Unfunded Benefits	3	0
Past service cost	-	(81)
Net interest expense on the defined liability	(361)	(349)
Actuarial gain or loss	25	(6,709)
<b>Net defined benefit liability at 31 July</b>	<b>(27,257)</b>	<b>(24,571)</b>

## Inspire Education Group

### Notes to the Accounts

#### 27 Defined benefit obligations (continued)

##### Local Government Pension Scheme (Continued)

##### Asset and Liability Reconciliation

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	73,606	64,470
Current Service cost	4,177	3,763
Interest cost	1,054	1,388
Contributions by Scheme participants	500	517
Experience gains and losses on defined benefit	(1,052)	2,432
Changes in financial assumptions	9,923	2,277
Estimated benefits paid	(1,261)	(1,322)
Past Service cost	-	81
<b>Defined benefit obligations at end of period</b>	<b><u>86,947</u></b>	<b><u>73,606</u></b>
<b>Reconciliation of Assets</b>		
<b>Fair value of plan assets at start of period</b>	49,035	48,803
Interest on plan assets	693	1,039
Return on plan assets	8,896	(2,000)
Employer contributions	1,824	1,998
Contributions by Scheme participants	500	517
Estimated benefits paid	(1,258)	(1,322)
<b>Fair value of plan assets at end of period</b>	<b><u>59,690</u></b>	<b><u>49,035</u></b>



## Inspire Education Group

### Notes to the Accounts

#### 28 Related party transactions

	Expenditure	Income £
<b>Burghley House Preservation Trust</b>	14,271	-
<b>Inspire+</b>	258,924	7,982

At the year ending 31st July 2021 there were no amounts owing to any of the above related parties but £2,007.03 was owed by Inspire+ to the College. David Pennell is the Estates Director of the Burghley Estates Office and Vincent is the CEO of Inspire+, both of these parties are members of the IEG Board.

#### 29 Amounts disbursed as agent

<b>Learner support funds (Group and College)</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening Balance of unspent funds</b>	244	257
Funding body grants	1226	1,076
Other Funding body grants	27	-
Interest earned	-	-
	1496	1333
Disbursed to students	(1,010)	(1,072)
Administration costs	(32)	(17)
	454	244

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

#### 30 Access and participation expenditure

<b>Group</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Access investment	120	60
Financial support provided to students	240	190
Support for disabled students	30	-
Research and evaluation related to access and participation	71	30
	462	280
<b>College</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Access investment	-	-
Financial support provided to students	-	-
Support for disabled students	-	-
Research and evaluation related to access and participation	22	17
	22	17

## Inspire Education Group

### Notes to the Accounts

#### 31 Merger

##### Type B Merger with New College Stamford

On 1 August 2020 Peterborough Regional College completed a 'Type B' merger with New College Stamford. This resulted in the all assets, liabilities, staff and students from New College Stamford transferring to Peterborough Regional College, and being simultaneously renamed Inspire Education Group (IEG). These financial statements have been prepared using merger accounting principles, which mean that the comparative values are restated by including the results for the merged Colleges for their previous accounting period and their balance sheets for the previous year end date. The Colleges have been combined for the entirety of the current accounting period. There have been no adjustments required to align accounting policies.

##### Analysis of the prior year's total comprehensive income and net assets

College	Year ended 31 July 2020	Year ended 31 July 2020	Year ended 31 July 2020
	Peterborough Regional College	New College Stamford	Combined
Total Comprehensive Income	(5,143)	(3,582)	<b>(8,725)</b>
Net Assets on merger	4,103	5,505	<b>9,608</b>

  

Group	Year ended 2020	Year ended 2020	Year ended 2020
	Peterborough Regional College	New College Stamford	Combined
Total Comprehensive Income	(5,003)	(3,582)	<b>(8,585)</b>
Net Assets on merger	5,498	4,157	<b>9,655</b>

There were no significant changes to accounting policies, or valuations on merger.

# **INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF INSPIRE EDUCATION GROUP AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY**

## **Conclusion**

We have carried out an engagement, in accordance with the terms of our engagement letter dated 11 October 2021 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Inspire Education Group during the period 1 August 2020 to 31 July 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

## **Basis for conclusion**

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) data returns, for which the ESFA has other assurance arrangements in place.

We are independent of Inspire Education Group in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion

## **Responsibilities of Corporation of Inspire Education Group for regularity**

The Corporation of Inspire Education Group is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Corporation of Inspire Education Group is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

## **Reporting accountant's responsibilities for reporting on regularity**

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently, a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and high-level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

### **Use of our report**

This report is made solely to the Corporation of Inspire Education Group and the Secretary of State for Education acting through the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Inspire Education Group and the Secretary of State for Education acting through the ESFA those matters we are required to state in a 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 Corporation of Inspire Education Group and the Secretary of State for Education acting through the ESFA for our work, for this report, or for the conclusion we have formed.

*RSM UK Audit LLP*

### **RSM UK AUDIT LLP**

Chartered Accountants  
Blenheim House  
Newmarket Road  
Bury St Edmunds  
Suffolk  
IP33 3SB

30 December 2021