

Inspire Education Group

# GROUP FINANCIAL STATEMENTS

2021 - 2022



**Inspire**  
Education Group

*Peterborough and Stamford,  
Thriving Together*

## **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  
Professor Sir Les Ebdon  
Mark Haydon  
Tony Keeling  
Mary Kiernan  
Angie Morris  
Jonathan Teesdale  
Paul Wingfield  
Fathima Keegan (from 19<sup>th</sup> October 2021)  
Pam Vaughan (from 19<sup>th</sup> October 2021)  
Faustina Yang (from 19<sup>th</sup> October 2021)  
Qun Yang (from 19<sup>th</sup> October 2021)  
Steve Saffhill (Staff)  
Tony Warner (Staff)  
Jennifer Brassington – Co-opted member of Curriculum & Quality Committee (from 19<sup>th</sup> October 2021)  
Ashley Parewa (Student Governor from 13<sup>th</sup> December 2021)  
Claudia Vercelloti (Student Governor from 13<sup>th</sup> December 2021, resigned 8<sup>th</sup> February 2022)

All Governor appointments unless otherwise stated 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 during 2021/22. From September 2022 the Governance Director is Joanne Ulyatt.

## Key management personnel

Key management personnel are defined as members of the Group Executive Team and were represented by the following in 2021/22:

<b>CEO and Principal Stamford College:</b> 2022)	Janet Meenaghan (to 30 <sup>th</sup> June 2022)
<b>Chief Executive Officer</b>	Rachel Nicholls (from 1 <sup>st</sup> July 2022)
<b>Deputy CEO and Principal Peterborough College:</b>	Rachel Nicholls (to 30 <sup>th</sup> June 2022)
<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, 250 Fowler Avenue, Farnborough, Hants, GU14 7JP
Bankers	NatWest, Cathedral Square, Peterborough, PE1 1XL
Legal Services	Bridge Trustees Limited, 115 Colmore Row, Birmingham, B3 3AL

# IEG Strategic Report

## Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2022.

## Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting educational activities. Inspire Education Group (IEG) was formed on 1<sup>st</sup> August 2020, from a merger of Peterborough Regional College and New College Stamford.

The IEG Group had three wholly owned subsidiaries during the year, one of which (Anglia Professional Training) was hived up into IEG on 31<sup>st</sup> July 2022. IEG also holds a 20% interest in a private training provider, Peterborough Skills Limited.

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 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 Limited, 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

## IEG Strategic Report contd.

### IEG's Stakeholders

The College has many stakeholders, the principle ones include:

- its current, future and past students
- its staff and their trade unions:
  - The senior management team are named on page 3
  - The trade unions of which the College staff are members are the University and College Union, the National Education Union and Unison.
- the employers it works with. The key stakeholders are:
  - Road Haulage Association
  - Cambridgeshire Chamber of Commerce
  - South Lincs Group Training Association
  - Allison Homes
  - Perkins Engines
  - Crown Manufacturing
  - Prince Energy
  - Bluebird Care
  - Nene Park Trust
- its partner schools and universities, namely:
  - Casterton School
  - Greater Peterborough UTC
  - Stamford Welland Academy
  - Thomas Deacon Academy
  - College of West Anglia (SDF Collaboration)
  - Grimsby Institute (SDF Collaboration)
  - Lincoln College Group
- the wider community:
  - Peterborough Citizens
  - Evergreen Care Trust
  - Nene Park Trust, Chair
  - Gladca
  - Chinese Community
- Our local authorities, combined authority and Local Enterprise Partnership, principally:
  - Cambridge and Peterborough Combined Authority
  - Greater Lincolnshire Local Enterprise Partnership
  - Lincoln County Council
  - Peterborough City Council
  - South Kesteven District Council

## **IEG Strategic Report contd.**

### **Public Benefit**

IEG 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 10,000 full and part time students, including 372 students with high needs. The college provides courses without charge to young people, to those who are unemployed, and adults taking English and maths courses. The college adjusts its courses to meet the needs of local employers and provides training to 1,248 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 2021.

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 levels through a continued focus on business efficiency. At the same time, focusing on the imperative of improving quality standards, against a backdrop of new national performance measures and extensive curriculum reform.

The COVID-19 pandemic continued to impact the Group for the entire academic year. During 2021/22 there were ongoing operational challenges in educating our students, focusing on safety against the backdrop of a global pandemic, which had severely disrupted their education over the two prior years. All Group sites remained open throughout the year, though sickness levels for staff and students continued to be at unprecedented levels.

## **IEG Strategic Report contd.**

### **Progress against strategic objectives**

There is no doubt that progress in all areas of the strategic objectives were impacted by the pandemic, in particular, apprenticeship opportunities, and our students' opportunity to gain work experience during the year.

The Health and Safety of students and staff remained 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 second 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 2024 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 2021/22 Progress**

IEG have made continued progress in improving quality during the year. This was independently verified by an Ofsted Monitoring visit in September 2021, testing IEG for the first time as a newly merged college Group. The feedback was exceptional and the Group received significant progress grade in the four areas of inspection. The Group was re-accredited with the Matrix Standard in June 2022 for their advice and support services.

- Retention and pass rates for full time further education students increased in the year, with overall achievement rates rising by 1.3% to 86.6%, this is on top of a 2.9% rise in 2020/21, and 0.1% under the national average.
- GCSE maths and English grades 4-9 was 4% above the general further education average, putting IEG in the top quartile.
- On Degree Programmes 74% of students achieved First or Upper Second
- HNC and HND Programmes over 80% of students achieved Merit or Distinction
- Apprenticeship achievement rates 56.3% (national average not yet published)
- 87.9% of FE students said in the end of year survey said they would recommend the College to a friend.
- 90% of FE students said they believe the knowledge and skills they are learning on their courses is preparing them for their intended pathway.
- High levels of Internal progression rates for our 2021/22 students, 72% intended to progress onto a higher-level course.

## **IEG Strategic Report contd.**

### **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 2024 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 2021/22 Progress**

The year was incredibly challenging, with IEG experiencing the effects of the post pandemic 'great resignation' and a contraction of the local available workforce to take up vacancies at all levels. On top of this, absence rates remained higher than planned, again much of this due to the pandemic. These factors, as well as the curriculum challenges experienced by our students and staff impacted on staff morale. As a result:

- Staff satisfaction survey results declined against the prior year
- Absence at 31<sup>st</sup> July 2022 was an average of 10.3 days (7.9 days adjusted for Covid), above the strategic target of an average of 5.5 days
- Turnover at 31<sup>st</sup> July 2022 was 25.8%, above the strategic target of 18.2%, with significant numbers of vacancies
- £105,000 was allocated for staff development
- The Group was awarded a 'Green Apple' award for continuing to make environment improvements
- One area of the Group was rated red in an initial Health and Safety audit, this area improved to the required 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.

Our measures of success by 2024 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 demonstrable contribution to regional employment opportunities
- The Group's contribution to economic impact as measured by the Local Enterprise Partnership and Combined Authority



## IEG Strategic Report contd.

Our 2021/22 progress was once again impacted by COVID-19, though to a lesser extent than the prior years.

- Destinations tracking remains a key area for improvement to meet the strategic target, the 2020/21 SAR recorded that destinations for 25% of our students were unknown. We are working with partners, and have new software to enable improved sustained tracking of destinations for 2021/22 leavers.
- Curriculum strategies strongly reflect the local skills priorities
- IEG has strong links with the Greater Lincolnshire LEP and the Cambridge and Peterborough Combined Authority (CPCA)
- IEG successfully delivered three projects in year funded by CPCA innovation funding
- Overall commercial activities financial performance improved significantly against the prior year, though there remains some work to do to return to pre-pandemic levels of contribution

### 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 >60
- Borrowing <15% of income
- Adjusted current ratio 1.5
- Capital investment £3.5m
- Financial Statements unqualified audit opinion

### Financial results

Our 2021/22 progress is defined in the table below:

	2021/22 Target	2021/22 Actual
Financial Health	Good	<b>Good</b>
Financial Management	Good	<b>Good</b>
Cashflow from operations before Capital Investment £'000s	3,568	<b>3,686</b>
Over 60 days cash in hand	73	<b>75</b>
Current ratio above 1.4	1.4	<b>1.84</b>
Positive Balance on reserves (excl. Pension Liability) £'000s	38,429	<b>35,274</b>
Cash based operating surplus greater than 6% of income	6.11%	<b>5.64%</b>
Pay costs as a percentage of income	61.88%	<b>60.68%</b>
Borrowing less than 30% of income (Excluding Capital Grant Funding)	1.21%	<b>1.42%</b>
Borrowing less than 20% as a % of net current assets (excl. pension liability)	10.65%	<b>9.92%</b>

## **IEG Strategic Report contd.**

The Group generated a surplus on continuing activities of £0.373M (2020/21 surplus of £0.737M) after depreciation of assets at valuation and before tax and exceptional items, but before the FRS 102 LGPS pension valuation adjustments for the year.

The Group has accumulated reserves of £35.259M and cash and cash equivalent investment balances of £10.381M

The Group invested £4.996M in capital expenditure. The majority of investment in 2021/22 was related to a new building, IT and curriculum equipment replacement.

The Group has significant reliance on the ESFA and CPCA for its principal funding source, largely from recurrent grants. In 2021/22 this was 77%, in 2020/21 the ESFA/CPCA provided 76% 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 2021/22 is 'Good' financial health.

The Group had three subsidiary companies at the start of the year, Anglia Professional Training (APT) Ltd, University Centre Peterborough (UCP), and QRS Ltd. Anglia Professional Training was 'hived up' on 31<sup>st</sup> July 2022, becoming part of IEG. The Group also has a 20% interest in Peterborough Skills Limited.

### ***Capital Investment***

The major project in year was the building of a new Construction Centre at Stamford College, providing four large workshops covering various construction curriculum areas. This building attracted capital grants from the Greater Lincolnshire Local Enterprise Partnership and the Department for Education totalling £3.1M.

The group secured £0.9M in grant funding to support a £3M 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 over the next two years.

The Group invested over £1M in projects covering technology, curriculum equipment, and estates upgrades.

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

The Group has a separate treasury management policy in place. There were no short-term borrowing requirements in 2021/22.

### ***Cash flows***

The operating cash inflow for the year was £3.686M, and £4.925M gross/£1.950M net was invested in capital asset investments, and the remainder was retained for future investment and working capital requirements.

## IEG Strategic Report contd.

### 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 2021/22

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

Type of Provision	Numbers enrolled in 2021/22	Numbers enrolled in 2020/21
Education Programmes for young people	4,405	4,769
Adult learning programmes	3,599	4,667
Apprenticeships 16-18	440	639
19+	808	594
Provision for students with high needs (Inc. above)	372	305
Delivery through partners (Inc. above)	2,487	1,762
Higher education	748	800

#### Student achievements

The data table below shows overall retention, pass and achievement rate percentages for the College in 2021/22.

All Ages	IEG	Provider Group	National Average	IEG	Provider Group	National Average	IEG	Provider Group	National Average
	2021/22			2020/21			2019/20		
Leavers	14,776			14,301			14,621		
Retention	93.0	Not Available	92.9	93.4	92.9	91.6	92.4	92.9	91.6
Pass	93.1	Not Available	93.3	91.3	93.3	93.9	89.2	93.3	93.9
Achievement	86.6	Not Available	86.7	85.3	86.7	86.0	82.4	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.

## **IEG Strategic Report contd.**

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 Employment, Education or Training' (NEET) group and to gain access to employers of those young people who fall into the NEET group.

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 94% utilisation of the allocation, including growth funding awarded in year, through innovative on-line programmes and continued face to face delivery where possible.

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 all key strategic plan areas, of growth, financial, staffing and health and safety performance. The targets and performance against these targets are shown on pages 7 to 11.

## **IEG Strategic Report contd.**

### **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 2021 to 31 July 2022, 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 two non-adjusting post balance sheet events to report.

A transfer of the UCP building from Anglia Ruskin University to IEG completed via a Deed of Surrender on 15<sup>th</sup> November 2022. This transfers a building with a value of approximately £6.6M to IEG.

On 29<sup>th</sup> November 2022 the Office for National Statistics re-classified further education colleges from private sector to public sector organisations. At the time of writing there are some significant changes, principally to IEG's ability to raise finance. There are also a number of financial uncertainties that are unlikely to be clarified at the date of approval of these accounts.

### **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 2024. This forecast includes the assets, liabilities and ongoing operations of the organisation. This review reflects HE recruitment and plans for new courses, and anticipates growth in both 16-18 full time and apprenticeship income, and anticipates in a prudent manner a 2% base rate funding increase for 16-18 full time funding. It also includes an increase for minimum wage rises, though no other pay awards. All figures consider the risks posed by the high inflationary environment and all other principal risks and uncertainties identified. The cash position includes an assessment of the impact of current and projected capital plans and their associated financing and/or grant funding. The forecast considers the impact of the Office for National Statistics classification change to further education colleges from the private to public sector. The principle change being that IEG can no longer seek commercial borrowing, and the impact of this on capital plans and cash reserves. 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.

## IEG Strategic Report contd.

### FUTURE PROSPECTS

#### Future developments

There are some exciting curriculum developments taking place, to grow the Group in the forthcoming and future years. Key changes 2022/23 are:

- 14-16-year-old provision is expanding, working directly with six Peterborough Schools this is seen as a key area for growth for the organisation.
- A new validation agreement with Open University came into effect, with September 2022 entrants now studying for OU degrees at UCP.

In addition, the Group is working with partners across the region to develop and deliver new and innovative education and training programmes in response to government policy. From 2022/23 IEG will be delivering new projects including:

- Strategic Development Fund Two projects, one covering each further education college providing specialist equipment to support skills development and staff training.
- Heavy Goods Vehicle Training Following the success of our HGV training in Peterborough this is now also being rolled out at Stamford College, funded through GLLEP to deliver a similar programme in Lincolnshire over the next 2 years.
- Skills Bootcamps In Peterborough we will be delivering Level 2 Trowel Trades Bootcamps to 120 learners before end of March 2023. This programme is likely to grow beyond the initial phase.
- Multiply Funding Multiply is a national fund to support the engagement of individuals into numeracy training with the intention of improving the numeracy skills of individuals across the country. Initial programmes will run until end of March 2023, and is expected to continue to 2025.

T Levels We will be introducing T Levels from September 2023, initially in four subject areas.

The investment in IEG assets continues, after being awarded £0.9M by the DfE to support a £3M refurbishment programme there will be major works carried out over the next two years at Peterborough College. We are also continuing to develop a Centre for Green Technology building at Peterborough College, which has a target project construction start date of May 2023, subject to planning approval and sufficient grant funding being in place. The overall cost of this project is £12.4M, to date £2.3M of capital grant funding has been secured, with bids for a further £6.47M submitted. The remainder (£7.56M or £3.56M depending on the bid outcomes) will be funded by IEG cash reserves. The original funding plan included commercial borrowing, however the change of status of the college from 'private' to 'public' sector by the Office for National Statistics on 29<sup>th</sup> November 2022 has removed this option. There have been some announcements

## **IEG Strategic Report contd.**

to indicate the DfE will provides a capital budget, but there remains some uncertainty as to the value of this funding.

These projects are part of a wider commitment to invest in each college, and UCP, with a total commitment of £3.5M of IEG reserves being made available to support the capital programme each year.

### **Financial plan**

The IEG governors approved a financial plan in July 2022 that sets objectives for the period to 2025. The plan was written to maintain its health rating of 'Good' and achieve a small surplus in the year to 31 July 2023, in line with the Group's Strategic Objectives.

Student recruitment in September 2025 showed significant growth in further education, and generally maintaining HE student numbers. Additionally, a significant amount of revenue project funding has been secured in year, this has not significantly altered the forecast of the 2022/23 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 was no requirement for short term borrowing in 2021/22.

### **Reserves**

IEG has no formal Reserves Policy, but recognises the importance of reserves in the financial stability of any organisation, and recognises this in the IEG Strategic Plan as a key performance measure. This ensures that there are adequate reserves to support the college's core activities and capital investment ambitions. The college group's reserves include over £10.38M of cash reserves as at the year end.

As at the balance sheet date the Income and Expenditure reserve stands at a surplus of £27.457M (2021: (Deficit of £0.269M), this includes the impact of an actuarial gain on the defined benefit pension scheme of £31,069k, resulting in an overall cumulative deficit of £0.15M as at the year end. 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. The actual performance for 2021/22 was 5.09%.

### **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 Strategic Report contd.**

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 on average 1,263 people during 2021/22 (2020/21: 1,122) 688 were teaching staff and 575 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. This is supported by a risk management training programme to raise awareness of risk throughout the Group.

A Board Assurance Framework (BAF) and risk register is maintained at Group level. The BAF is reviewed monthly by the Executive Team, and at each Board meeting, and a full risk report, including the BAF and the risk register, is considered at each Audit Committee. The BAF and risk registers identify 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.

The principal risk factors that may affect the Group relate to the non-achievement of strategic aims, throughout the year there was either eleven or twelve risks reported within the Board Assurance Framework. They are managed using a three lines of defence model, with an active action plan for each risk. The nature of the risks remains relatively consistent, as they are inherent multi-year risks that are integral part of running a further and higher education group. Within 2021/22 the recruitment and retention of staff was added in year, and the risk relating to COVID-19 was removed towards the end of the year.



## IEG Strategic Report contd.

Not all the factors are within the Group's control, and the risk to the Group of the COVID-19 pandemic continued to impact on the strategic objectives during 2021/22 in an unprecedented way, impacting on all of the risks shown on the next page. The strategic risks map to most or all of IEG's strategic objectives, these risks are:

Strategic Risk Area	Description
Positive Group Ethos	Failure to establish a positive group ethos resulting in: Low staff morale, impacting on achievement of the Group's goals and aims Degredation of the student learning experience and support Lack of innovation and organisational development
Enrolments	The Group fails to attract sufficient applicants, and fails to convert applications into enrolments, resulting in: Poor recruitment and unviable courses would lead to less choice for students The Group would lose significant financial resource, which could result in courses being closed and redundancies
Governance	Failure of the Governing Body to effectively provide strategic direction and monitor Group performance resulting in: Students failing to optimise their performance and personal outcomes A poor Ofsted grade Failure to achieve strategic goals and aims
Cyber Security	The Group suffers a major IT cyber security breach or technical failure resulting in: Students losing the ability to access work or complete exams The loss of key college systems, and the ability to meet statutory return obligations to funding bodies, HMRC, etc.
Safeguarding	A major safeguarding incident occurs within the College or sub-contractor, and is not dealt with appropriately, resulting in: Student suffers mental or physical harm IEG suffers reputational damage as a result of a serious safeguarding breach.
Subsidiaries and Sub-contractors	Subsidiary and sub-contractor performance issues resulting in: Students do not achieve desired outcomes, impacting on their destination options Financial losses may result if performance is not to standard The Group fails to meet ESFA or CPCA subcontracting requirements and has restrictions imposed - ESFA cap on subcontracting in each individual funding line
Stakeholders	Stakeholders fail to support the Group when needed to both provide influence on government bodies (MP) and remain a trusted partner (ESFA, LAs, LEP, CPCA) resulting in: Students and communities do not recognise the Group as a good place to enrol. Reputational damage, and a loss of goodwill within the wider community. Failure to secure funding for projects - capital and revenue
Health and Safety	Staff, students or a visitor suffers illness or a serious accident, as a result of a Health and Safety breach, resulting in a life changing injury or death IEG is prosecuted or fined by HSE
Finance	Failure to maintain a financial health rating of good, by not securing year on year surplus/net cash inflow and poor cash management leading to financial instability. Resulting in IEG being unable to invest in good quality resources and services to enhance the student experience.
Quality	The achievement rates/student outcomes decrease when compared to prior years resulting in: Students do not achieve desired outcomes, impacting on their destination options IEG's position in National Performance Tables (these are not being published at all in 20/21) and/or Ofsted grade which in turn may impact on future recruitment/reputation
Higher Education	HE income declines as a result of increased competition from ARU Peterborough (this risk is also on the UCP Council separate risk register) resulting in: Staffing may be impacted as a result of local HE competition who may be able to offer more favourable terms and conditions. The Group could see a reduction in a significant income stream.
Staffing added in June 2022	Failure to attract, recruit and retain staff results in a lack of continuity for students, and possible impact on the quality of education, the inability of the organisation to meet compliance and statutory responsibilities, and increased costs to employ temporary staff.
Covid removed in June 2022	Risk of not managing all Covid related issues on the Group resulting in: Deminishes the Group's ability to attract & retain students Ability to maintain sufficient staffing to enable the colleges to operate De-stabilises finance more than is absolutely necessary, creating lost income and/or additional costs

## **IEG Strategic Report contd.**

### **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 website.

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 in 2020.

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.

### **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.

## IEG Strategic Report contd.

### Trade Union Facility Time

IEG entered into a formal recognition agreement in August 2021. The agreement allows for union time in accordance with the table below.

Number of Union members	Hours allocated per academic year
1 to 20 members	22 hours
21 to 40 members	44 hours
41 to 60 members	66 hours
61 to 80 members	88 hours
81 to 100 members	110 hours
101+	132 hours

Number of employees who were union officials in the year was 4 (4 FTE).

### Time spent on union facility time

Number of staff	Percentage time spent
-	0%
4	1-50%
-	51-99%
-	100%

The cost of this time as a percentage of the total pay bill is 0.035%.

### 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 13<sup>th</sup> December 2022 and signed on its behalf by:**



Ian Jackson  
Chairman

## IEG Statement of Corporate Governance and Internal Control

This statement covers the period from 1 August 2021 to 31 July 2022 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 Colleges.

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 2022. This opinion is based on an internal review of compliance with the English Colleges of Good Governance reported to the board on 13<sup>th</sup> December 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 (amended May 2019). 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 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.

In delivering its mission, the Group provides identifiable public benefits through the advancement of education to approximately 10,000 students, including 372 students with high needs. The Group provides courses without charge to young people, to those who are unemployed and adults taking English and maths course. The Group adjusts its courses to meet the needs of local employers and provides training to 1,248 apprentices. The Group 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.

## IEG Statement of Corporate Governance and Internal Control contd.

### 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	N/A	Corporation, F&R, C&Q, Search	13	16	81%
Rachel Nicholls	Principal	Ex-Officio	N/A	Corporation, F&R, C&Q, Search	16	18	89%
Rod Allerton (B)	External	03/08/2020	31/07/2023	Corporation, F&R	10	11	91%
Martin Ballard (B)	External	03/08/2020	31/07/2024	Corporation, Audit	9	10	90%
Vincent Brittain (B)	External	03/08/2020	31/07/2022	Corporation	3	5	60%
Marco Cereste (B)	External	03/08/2020	31/07/2023	Corporation	3	5	60%
Dean Duffield (B)	External	03/08/2020	31/07/2023	Corporation, F&R	8	11	73%
Les Ebdon (B)	External	03/08/2020	31/07/2022	Corporation	3	5	60%
Mark Haydon (B)	External	03/08/2020	31/07/2023	Corporation, Audit	8	8	100%
Ian Jackson	External	03/08/2020	31/07/2025	Corporation, F&R, Search	9	13	69%
Tony Keeling (B)	External	03/08/2020	31/07/2025	Corporation, Audit	7	8	88%
Mary Kiernan (B)	External	03/08/2020	31/07/2025	Corporation, C&Q	7	9	78%
Angie Morris (B)	External	03/08/2020	31/07/2024	Corporation, C&Q	9	10	90%
David Pennell (B)	External	03/08/2020	31/07/2025	Corporation, F&R, Search	13	13	100%
Steve Saffhill (Staff)	Staff	03/08/2020	02/08/2022	Corporation, C&Q	8	9	89%
Jonathan Teesdale (B)	External	03/08/2020	31/07/2023	Corporation, C&Q	8	9	89%
Anthony Warner (Staff)	Staff	03/08/2020	02/08/2022	Corporation, C&Q	8	9	89%
Paul Wingfield (B)	External	03/08/2020	31/07/2022	Corporation, C&Q, Search	11	11	100%
Jennifer Brassington	External (co-opted)	13/12/2021	12/12/2023	C&Q	3	3	100%
Fatima Keegan	External	13/12/2021	12/12/2023	Corporation, F&R	6	8	75%
Pam Vaughan	External	13/12/2021	12/12/2023	Corporation, C&Q	7	7	100%
Faustina Yang	External	13/12/2021	12/12/2023	Corporation, F&R	6	8	75%
Qun Yang	External	13/12/2021	12/02/2023	Corporation, Audit	4	6	67%
Ashley Parewa (P)	Student	13/12/2021	12/12/2022	Corporation, C&Q	8	8	100%
Clodia Vercellotti (S)	Student	13/12/2021	Resigned 08/02/2022	Corporation, C&Q	0	2	0%

## **IEG Statement of Corporate Governance and Internal Control contd.**

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 five times a year.

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 Governance Director:

Inspire Education Group  
Park Crescent  
Peterborough  
PE1 4DZ

The Governance Director 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 Governance Director, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Governance Director 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 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.

## IEG Statement of Corporate Governance and Internal Control contd.

The IEG Corporation produced and considered an annual self-assessment report and action plan against the framework provided by the Association of Colleges Code of Good Governance. Section 10 of the self-assessment reviews the Governance Performance. These are summarised below; each area was rated green.

<b>Review of Governance Performance</b>	
10.1 The Corporation must regularly review its effectiveness ensuring continuous improvement, thereby not only enhancing its own performance but providing an example to the College. The review should include an assessment of performance against the values and Principal responsibilities set out in this Code.	The Corporation undertakes an annual review of its performance against this Code which is then considered by the Corporation Governance also regularly reviewed by external auditors, with 'significant assurance' achieved at the latest audit.
10.2 The Corporation should define in writing and regularly review the respective responsibilities of the Chair, the Principal, the Clerk and individual Governors.	Met
10.3 The Corporation should annually reflect on the extent to which its committees have met their terms of reference and remain fit for purpose.	Met
10.4 In addition, the Corporation must conduct a regular, full and robust review of its effectiveness and that of its committees, the starting point for which should be an assessment against this Code.	Met
10.5 The Corporation should set out in writing and regularly review agreed governance procedures, often described as Standing Orders. These should include levels of delegated authority and of any sub-delegations.	An annual review of the Standing Orders is undertaken and intermediate reviews as necessary.
10.6 In reviewing its effectiveness, the Corporation should reflect on the success of the College as a whole in meeting strategic objectives and associated performance measures and the contribution the Corporation has made to that success.	Undertaken via annual Strategic Planning event and also via the SAR processes, with confirmation from the Ofsted Monitoring Visit, September 2021
10.7 The Corporation should, where possible, benchmark its performance and processes against other comparable Colleges and relevant institutions outside the FE sector.	Undertaken via the annual IEG and Governance SAR processes with confirmation from the Ofsted Monitoring Visit, September 2021
10.8 Account should be taken of the views of the Executive and relevant bodies and of staff, parents, trustees, employers and student communities. Any review should include an external perspective, for example by using a suitable external facilitator or a suitably experienced governor and/or Clerk from another College. The timing should be in line with the production of the College annual self-assessment.	Corporation representatives sit on the IEG SAR moderation panel
10.9 Acting on the outcomes of effectiveness reviews is as important as undertaking them. The outcomes and associated actions should be published widely, including in the annual report.	Met

## IEG Statement of Corporate Governance and Internal Control contd.

From this assessment five areas were identified where the Corporation could provide more information than is currently the case. Progress against these actions, shown in the table below, will be reviewed on 13<sup>th</sup> December 2022.

Clause	Actions for consideration
1.7	Consider publishing a Public Benefit Statement
5.4	Consider publishing an Annual Community and Stakeholder Engagement summary
5.5	Consider implementing a Stakeholder Satisfaction survey and publishing the results
7.6	Consider publishing the group's corporate governance arrangements and associated reporting
9.27	Consider producing an annual report to the Board describing the work of the Search & Governance Committee and progress against objectives

The Corporation is responsible for ensuring that appropriate training is provided as required. During 2021/22 one Governor Development Event was held on 10<sup>th</sup> March 2021. Each Governor undertook a skills appraisal with the Chair during the year to identify specific training and development needs, and a range of one-line training modules were provided.

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 CEO and other senior post holders.

Details of remuneration for the year ended 31 July 2022 are set out in note 8 to these 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 met four times during 2021/22. The committee 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.



## **IEG Statement of Corporate Governance and Internal Control contd.**

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.

Members who served on the Committee during the year were:

- Martin Ballard (Chair) (Attendance 3/3);
- Mark Haydon (Attendance 3/3);
- Tony Keeling (Attendance 2/3); and
- Qun Yang – from 19 October 2021 (Attendance 2/2)

### **Internal control**

#### *Scope of responsibility*

The Corporation is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the CEO 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.

#### *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 2022 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 2022 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

## **IEG Statement of Corporate Governance and Internal Control contd.**

### *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's internal audit arrangement with Haines Watts continued during the year ended 31 July 2022. Haines Watts along with the College Management and Members of the Corporation have assessed the internal controls and developed a broad assurance framework, clearly showing the mapping of assurance sources against the risks identified. 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.

The internal audit service operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*.

### *Review of effectiveness*

As Accounting Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. The CEO'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 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.

## **IEG Statement of Corporate Governance and Internal Control contd.**

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 executive 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 executive team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2022 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the executive team and internal audit.

Based on the advice of the Audit Committee and the CEO, 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 13<sup>th</sup> December 2022 and signed on its behalf by:**



**Ian Jackson**  
**Chair of the Corporation**



**Rachel Nicholls**  
**Chief Executive Officer**

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

As Accounting Officer I confirm that the corporation has had due regard to the requirements of grant funding agreements and contracts with ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding.

I confirm, on behalf of the corporation, that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the terms and conditions of funding, under the corporation's grant funding agreements and contracts with ESFA, or any other public funder.

During 2021/22 the ESFA provider market oversight team conducted a funding audit and concluded there were areas of non-compliance in carry-in apprenticeships and AEB, Apprenticeships starts after 1 May 2017, 16-19 study programmes, and sub-contracting. These instances of non-compliance have resulted in a clawback of £0.45M.

I confirm that no other 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 ESFA.



**Rachel Nicholls**  
**Chief Executive Officer**  
**13<sup>th</sup> December 2022**

### **Statement of the Chair of Governors**

On behalf of the corporation, I confirm that the Accounting Officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.



**Ian Jackson**  
**Chair of the Corporation**  
**13<sup>th</sup> December 2022**

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

The members of the corporation are required to present audited financial statements for each financial year.

The law applicable to charities in England and the terms and conditions of the Corporation's grant funding agreement and contracts with Education and Skills Funding Agency (ESFA) and CPCA, the corporation is required to prepare financial statements which give a true and fair view of the state of affairs of the College and of the College's surplus/deficit of income over expenditure for that period. Corporations must also prepare a strategic report which includes an operating and financial Review for each financial year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction, and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards). 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
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate
- Prepare financial statements on the going concern basis, unless it is inappropriate to assume that the Group will continue in operation

The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The Corporation is responsible for the maintenance and integrity of its websites; the work carried out by auditors does not involve consideration of these matters and, accordingly, 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 expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder. Members of the corporation must ensure that there are appropriate

financial and management controls in place to safeguard public and other funds and ensure they are used properly.

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

In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

**Approved by order of the members of the corporation on 13<sup>th</sup> December 2022 and signed on its behalf by:**

A handwritten signature in black ink, appearing to read 'Ian Jackson', written in a cursive style.

**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 2022 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) and with the Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

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 2022 and of the Group's and the College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

## 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.

#### **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 2021 to 2022 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.

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

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 29 to 30, 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, 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, and inquiring of management whether the group is in compliance with these laws 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, Regulatory Advice 9: Accounts Direction published by the Office for Students', 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 group 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, existence and valuation of apprenticeship income and completeness of certain other income streams as the areas 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 and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and tests of details in respect of income.

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 21 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  
Chartered Accountants  
Blenheim House  
Newmarket Road  
Bury St Edmunds  
Suffolk  
IP33 3SB

Date

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

	Notes	Year ended 31 July		Year ended 31 July	
		2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
<b>INCOME</b>					
Funding body grants	2	36,585	35,507	34,377	33,279
Tuition fees and education contracts	3	8,234	3,138	8,957	3,229
Other grants and contracts	4	18	18	(4)	(4)
Other income	5	2,389	5,126	1,587	4,062
Endowment and investment income	6	16	29	26	26
Donations	7	75	75	92	92
<b>Total income</b>		<b>47,317</b>	<b>43,893</b>	<b>45,035</b>	<b>40,684</b>
<b>EXPENDITURE</b>					
Staff costs	8	32,529	32,114	30,522	30,138
Other operating expenses	9	14,844	11,674	13,503	10,010
Depreciation & Amortisation	13 & 14	2,884	2,789	2,577	2,500
Interest and other finance costs	10	503	503	455	439
<b>Total expenditure</b>		<b>50,760</b>	<b>47,080</b>	<b>47,057</b>	<b>43,087</b>
<b>Surplus / (Deficit) before other gains and</b>		<b>(3,443)</b>	<b>(3,187)</b>	<b>(2,022)</b>	<b>(2,403)</b>
Loss on disposal of assets		-	-	(26)	(26)
<b>Surplus / (Deficit) before tax</b>		<b>(3,443)</b>	<b>(3,187)</b>	<b>(2,048)</b>	<b>(2,429)</b>
Taxation	12	4	-	(2)	-
<b>Deficit for the year</b>		<b>(3,439)</b>	<b>(3,187)</b>	<b>(2,050)</b>	<b>(2,429)</b>
Actuarial gain in respect of pensions schemes		31,069	31,069	25	25
		<b>27,630</b>	<b>27,882</b>	<b>(2,025)</b>	<b>(2,404)</b>

The accompanying notes on pages 39 to 67 form part of the financial statements

**Inspire Education Group**  
**Consolidated and College Balance sheets as at 31 July 2022**

	Notes	Group	College	Group	College
		2022	2022	2021	2021
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible fixed assets	14	41,769	41,679	39,758	39,668
Intangible assets	13	138	138	40	-
Investments	15	-	-	-	1
		<b>41,907</b>	<b>41,817</b>	<b>39,798</b>	<b>39,669</b>
<b>Current assets</b>					
Stocks		31	31	49	49
Trade and other receivables	16	2,358	9,034	3,028	5,968
Investments	17	1,875	1,875	3,322	3,322
Cash and cash equivalents		10,381	2,638	7,290	2,690
		<b>14,645</b>	<b>13,578</b>	<b>13,689</b>	<b>12,029</b>
<b>Less: Creditors – amounts falling due within one year</b>	18	(7,969)	(7,031)	(7,482)	(6,118)
<b>Net current assets</b>		<b>6,676</b>	<b>6,547</b>	<b>6,207</b>	<b>5,911</b>
<b>Total assets less current liabilities</b>		<b>48,583</b>	<b>48,364</b>	<b>46,005</b>	<b>45,580</b>
Less: Creditors – amounts falling due after more than one year	19	(12,548)	(12,502)	(10,291)	(10,291)
<b>Provisions</b>					
Defined benefit obligations	27	(15)	(15)	(27,257)	(27,257)
Other provisions	21	(761)	(761)	(828)	(828)
<b>Total net assets</b>		<b>35,259</b>	<b>35,086</b>	<b>7,629</b>	<b>7,204</b>
<b>Restricted reserves</b>					
Income and expenditure reserve - restricted reserve		5	5	5	5
<b>Unrestricted reserves</b>					
Income and expenditure account		27,457	27,283	(269)	(695)
Revaluation reserve		7,682	7,683	7,778	7,779
Capital Reserves		115	115	115	115
<b>Total unrestricted reserves</b>		<b>35,254</b>	<b>35,081</b>	<b>7,624</b>	<b>7,199</b>
<b>Total reserves</b>		<b>35,259</b>	<b>35,086</b>	<b>7,629</b>	<b>7,204</b>

The financial statements on pages 35 to 67 were approved and authorised for issue by the Corporation on 13<sup>th</sup> December 2022 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 £'000	Revaluation reserve £'000	Restricted Reserves £'000	Capital Reserves £'000	Total £'000
<b>Group</b>					
<b>Balance at 1st August 2020</b>	1,616	7,918	5	115	9,654
Deficit from the income and expenditure account	(2,050)	-	-	-	(2,050)
Other comprehensive income	25	-	-	-	25
Transfers between revaluation and income and expenditure reserves	140	(140)	-	-	-
	(1,885)	(140)	-	-	(2,025)
<b>Balance at 31st July 2021</b>	(269)	7,778	5	115	7,629
Deficit from the income and expenditure account	(3,439)	-	-	-	(3,439)
Other comprehensive income	31,069	-	-	-	31,069
Transfers between revaluation and income and expenditure reserves	96	(96)	-	-	-
<b>Total comprehensive income for the year</b>	27,726	(96)	-	-	27,630
<b>Balance at 31st July 2022</b>	<b>27,457</b>	<b>7,682</b>	<b>5</b>	<b>115</b>	<b>35,259</b>
<b>College</b>					
<b>Balance at 1st August 2020</b>	1,569	7,919	5	115	9,608
Deficit from the income and expenditure account	(2,429)	-	-	-	(2,429)
Other comprehensive income	25	-	-	-	25
Transfers between revaluation and income and expenditure reserves	140	(140)	-	-	-
	(2,264)	(140)	-	-	(2,404)
<b>Balance at 31st July 2021</b>	(695)	7,779	5	115	7,204
Deficit from the income and expenditure account	(3,187)	-	-	-	(3,187)
Other comprehensive income	31,069	-	-	-	31,069
Transfers between revaluation and income and expenditure reserves	96	(96)	-	-	-
<b>Total comprehensive income for the year</b>	27,978	(96)	-	-	27,882
<b>Balance at 31st July 2022</b>	<b>27,283</b>	<b>7,683</b>	<b>5</b>	<b>115</b>	<b>35,086</b>

The accompanying notes on pages 39 to 67 form part of the financial statements

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

	Notes	2022 £'000	2021 £'000
<b>Cash inflow from operating activities</b>			
Deficit for the year		(3,439)	(2,051)
<b>Adjustment for:</b>			
Depreciation	14	2,823	2,577
Amortisation	13	61	40
Loss on disposal of fixed assets		-	26
Donation of assets	7	(75)	(92)
Investment income (Interest Received)		(16)	(26)
Interest payable	10	503	455
Increase/(decrease) in provisions		(67)	(74)
Pensions costs	27	3,364	2,350
<b>Operating Cashflow before movement in Working Capital</b>		<b>3,154</b>	<b>3,205</b>
(Increase)/decrease in stocks		18	7
(Increase)/decrease in debtors		670	(35)
Increase/(decrease) in creditors due within one year		460	1,393
Capital Grant Release	2	(612)	(483)
<b>Cash Generated from Operations</b>		<b>3,690</b>	<b>4,087</b>
Taxation paid		(4)	2
<b>Net cash flow from operating activities</b>		<b>3,686</b>	<b>4,089</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		-	-
Capital Investment Grant		2,975	2,744
Investment income		16	26
Deposit from Investments	22	1,447	-
Payments made to acquire fixed assets		(4,918)	(4,794)
		<u>(480)</u>	<u>(2,024)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(40)	(94)
Repayments of amounts borrowed	22	(75)	(82)
		<u>(115)</u>	<u>(176)</u>
<b>Increase in cash and cash equivalents in the year</b>		<b>3,091</b>	<b>1,889</b>
Cash and cash equivalents at beginning of the year	22	7,290	5,401
Cash and cash equivalents at end of the year	22	10,381	7,290

The accompanying notes on pages 39 to 67 form part of the financial statements

# Notes to the Financial Statements for the year ended 31 July 2022

## 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 Strategic 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 2021 to 2022*, 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.

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 2022.

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.

# Notes to the Financial Statements for the year ended 31 July 2022

## 1. Accounting policies (continued).

### 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 2024. This forecast includes the assets, liabilities and ongoing operations of the organisation. This review reflects HE recruitment and plans for new courses, and anticipates growth in both 16-18 full time and apprenticeship income, and anticipates in a prudent manner a 2% base rate funding increase for 16-18 full time funding. It also includes an increase for minimum wage rises, though no other pay awards. All figures consider the risks posed by the high inflationary environment and all other principal risks and uncertainties identified. The cash position includes an assessment of the impact of current and projected capital plans and their associated financing and/or grant funding. The forecast considers the impact of the Office for National Statistics classification change to further education colleges from the private to public sector. The principle change being that IEG can no longer seek commercial borrowing, and the impact of this on capital plans and cash reserves. 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 2021/22 at the value earned by the Group, and reduced below allocation 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.



# Notes to the Financial Statements for the year ended 31 July 2022

## 1. Accounting policies (continued).

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.

# Notes to the Financial Statements for the year ended 31 July 2022

## 1. Accounting policies (continued).

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 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 included 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 impairment losses or reversals of impairment losses are recognised immediately in comprehensive income.

### Tangible fixed assets

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

# Notes to the Financial Statements for the year ended 31 July 2022

## 1. Accounting policies continued.

### 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.

# Notes to the Financial Statements for the year ended 31 July 2022

## 1. Accounting policies continued.

### Intangible assets

#### Goodwill

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

#### Software

Software assets have been re-classified as intangible assets in year, and are amortised over five years, unless the anticipated lifetime of the individual software asset dictates an alternative expected useful life.

### 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.

# Notes to the Financial Statements for the year ended 31 July 2022

## 1. Accounting policies continued.

### 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.

### 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.

### 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 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.

# Notes to the Financial Statements for the year ended 31 July 2022

## 1. Accounting policies continued.

### *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.

### **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 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.

# Notes to the Financial Statements for the year ended 31 July 2022

## 1. Accounting policies continued.

### *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 27, 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 2022. 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.

# Notes to the Financial Statements for the year ended 31 July 2022

## Notes to the Accounts (continued)

### 2 Funding body grants

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group £'000	College £'000	Group £'000	College £'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency - Adult	2,178	2,091	1,257	1,256
Education and Skills Funding Agency - 16 -18	23,285	23,285	23,236	23,236
Cambridge & Peterborough Combined Authority - Office for Students - Higher Education	2,555	2,555	1,814	1,743
Education and Skills Funding Agency - Apprenticeships	3,499	3,009	3,232	2,740
<b>Specific Grants</b>				
Releases of Government Capital Grants	612	591	483	483
High Needs Level 2 Funding	2,039	2,039	1,782	1,782
Education and Skills Funding Agency - <i>Maths Centre of Excellence, 16-19 Tuition Fund &amp; CDF</i>	1,238	1,238	1,261	1,261
Teachers Pension Contribution Grant	699	699	778	778
<b>Total</b>	<b>36,585</b>	<b>35,507</b>	<b>34,377</b>	<b>33,279</b>

### 3 Tuition fees and education contracts

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group £'000	College £'000	Group £'000	College £'000
Adult Education Fees	766	690	949	814
Apprenticeship Fees and Contracts	70	64	64	29
Fees for FE Loan Supported Courses	486	486	302	302
Fees for HE Loan Supported Courses	5,014	-	5,553	(3)
Total Tuition Fees	6,336	1,240	6,868	1,142
Education Contracts	1,898	1,898	2,089	2,087
<b>Total</b>	<b>8,234</b>	<b>3,138</b>	<b>8,957</b>	<b>3,229</b>

### 4 Other grants and contracts

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group £'000	College £'000	Group £'000	College £'000
Erasmus	18	18	(4)	(4)
<b>Total</b>	<b>18</b>	<b>18</b>	<b>(4)</b>	<b>(4)</b>



## Notes to the Financial Statements for the year ended 31 July 2022

### 5 Other income

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group £'000	College £'000	Group £'000	College £'000
Catering	669	669	244	244
Other income generating activities	606	606	540	538
Transport	815	815	645	645
Miscellaneous income	299	3,036	158	2,635
<b>Total</b>	<b>2,389</b>	<b>5,126</b>	<b>1,587</b>	<b>4,062</b>

### 6 Investment income

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group £'000	College £'000	Group £'000	College £'000
Other interest receivable	16	29	26	26
Net return on pension scheme (note 27)	-	-	-	-
<b>Total</b>	<b>16</b>	<b>29</b>	<b>26</b>	<b>26</b>

### 7 Donations - Group and College

	Year ended 31 July	
	2022 £'000	2021 £'000
Donated Assets - DFE	36	92
Donated Assets - Other	39	-
<b>Total</b>	<b>75</b>	<b>92</b>

# Notes to the Financial Statements for the year ended 31 July 2022

## 8 Staff costs - Group and College

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

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
Teaching staff	688	635	606	595
Non teaching staff	575	348	516	308
	<b>1,263</b>	<b>983</b>	<b>1,122</b>	<b>903</b>

### Staff costs for the above persons

	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	19,495	19,123	16,767	16,483
Social security costs	1,742	1,721	1,526	1,511
Other pension costs	7,394	7,387	6,307	6,301
Apprenticeship Levy	65	63	60	59
	<b>28,696</b>	<b>28,294</b>	<b>24,660</b>	<b>24,354</b>
Contracted out staffing services	3,815	3,802	5,816	5,738
	<b>32,511</b>	<b>32,096</b>	<b>30,476</b>	<b>30,092</b>
Fundamental restructuring costs - contractual	18	18	46	46
	<b>32,529</b>	<b>32,114</b>	<b>30,522</b>	<b>30,138</b>

### 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 four posts. During 2021-22 there were four posts in total across most of the year, reducing to three on 1st July 2022, as follows. The CEO and Principal Stamford College was in post from 1st August 2021 to 30th June 2022. The Deputy CEO and Principal Peterborough College was in post from 1st August 2021 to 30th June 2022, after which the postholder, Rachel Nicholls became IEG CEO. The Chief Financial Officer & Executive Director Business Development were in post for the year.

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
The number of key management personnel including the Principal & Chief Executive was:	4	4

## Notes to the Financial Statements for the year ended 31 July 2022

### 8 Staff costs - Group and College continued

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	
	2022 No.	2021 No.	2022 No.	2021 No.
£60,001 to £65,000	-	-	-	2
£65,001 to £70,000	-	-	1	1
£70,001 to £75,000	-	-	1	-
£75,001 to £80,000	-	1	1	1
£80,001 to £85,000	1	-	1	-
£105,001 to £110,000	1	-	-	-
£115,001 to £120,000	-	1	-	-
£145,001 to £150,000	2	-	-	-
£150,001 to £155,000	-	1	-	-
£165,001 to £170,000	-	1	-	-
	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>

Key management personnel compensation is made up as follows:

	2022 £'000	2021 £'000
Salaries - gross of salary sacrifice and waived emoluments	488	511
Employers National Insurance contributions	65	66
Benefits in kind	4	1
	<b>557</b>	<b>578</b>
Pension contributions paid	112	119
<b>Total emoluments</b>	<b>669</b>	<b>697</b>

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

## Notes to the Financial Statements for the year ended 31 July 2022

### 8 Staff costs - Group and College continued

The above compensation includes amounts payable for the period 1st August 2021 to 30th June 2022 to the Principal & Chief Executive (who is also the highest paid officer) of the following:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Salaries	146	168
Benefits in kind	1	1
	<u>147</u>	<u>169</u>
Pension contributions	35	21
Total	<u>182</u>	<u>190</u>

The above compensation includes amounts payable for the period 1st July 2022 to 31st July 2022 to the Chief Executive Officer (who is also the highest paid officer) of the following:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Salaries	11	-
Benefits in kind	0	-
	<u>11</u>	<u>-</u>
Pension contributions	3	-
Total	<u>14</u>	<u>-</u>

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, and from 1st July 2022 the IEG CEO are 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 IEG Chief Executive Officer reports to the Chair of the Governing body, who undertakes an annual review of her performance and that of the Deputy Chief Executive Officer against the group's overall objectives, using both qualitative and quantitative measure of performance.

## Notes to the Financial Statements for the year ended 31 July 2022

### 8 Staff costs - Group and College continued

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

	2022	2021
CEO's basic salary as a multiple of the median of all staff	5.71	5.86
CEO's total remuneration as a multiple of the median of all staff	6.03	6.59

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

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 Chief Executive Officer and the staff governors did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. Total reimbursement of expenses for Exec came to the value of £2,365.24 with one Governor in period reimbursed for expenses totalling £85.

### 9 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	6,705	5,752	6,689	5,698
Non teaching costs	6,110	4,080	5,042	2,614
Premises costs	2,029	1,842	1,772	1,698
<b>Total</b>	<b>14,844</b>	<b>11,674</b>	<b>13,503</b>	<b>10,010</b>

#### Other operating expenses include:

	2022	2021
	£'000	£'000
Auditors' remuneration:		
Fees payable to RSM UK LLP in respect of:		
Audit of College & Group	62	42
Audit of Subsidiaries	15	11
Other Assurance Services	4	4
Internal audit	28	16
Hire of assets under operating leases	180	216
Loss on Disposal	-	26

## Notes to the Financial Statements for the year ended 31 July 2022

10 Interest payable - Group and College	Group	College	Group	College
	2022 £'000	2022 £'000	2021 £'000	2021 £'000
On bank loans, overdrafts and other loans:	<u>40</u>	<u>40</u>	<u>94</u>	<u>78</u>
	40	40	94	78
Net interest on defined pension liability (note 27)	<u>463</u>	<u>463</u>	<u>361</u>	<u>361</u>
<b>Total</b>	<b><u>503</u></b>	<b><u>503</u></b>	<b><u>455</u></b>	<b><u>439</u></b>

### 11 Exceptional Costs

There are no Exceptional Costs to be reported for 2021/22

### 12 Taxation - Group only

	2022 £'000	2022 £'000	2021 £'000	2021 £'000
UK Corporation Tax	<u>(4)</u>	-	<u>2</u>	-
<b>Total</b>	<b><u>(4)</u></b>	<b>-</b>	<b><u>2</u></b>	<b>-</b>

The tax due above relates to its trading subsidiary companies.

## Notes to the Financial Statements for the year ended 31 July 2022

### 13 Intangible fixed assets (Group)

	Goodwill £'000	Software £'000	Assets in the Course of Construction £'000	Total £'000
<b>Cost</b>				
At 1 August 2021	402	-	-	402
Transfer from Tangible Fixed Assets	-	254	-	254
Additions	-	63	-	63
<b>At 31st July 2022</b>	<b>402</b>	<b>317</b>	<b>-</b>	<b>719</b>
<b>Amortisations</b>				
At 1 August 2021	362	-	-	362
Transfer from Tangible Fixed Assets	-	158	-	158
Charge for the year	40	21	-	61
<b>At 31st July 2022</b>	<b>402</b>	<b>179</b>	<b>-</b>	<b>581</b>
<b>Net bookvalue at 31st July 2022</b>	<b>-</b>	<b>138</b>	<b>-</b>	<b>138</b>
Net book value at 31st July 2021	40	-	-	40

### 13 Intangible fixed assets (College)

	Goodwill £'000	Software £'000	Assets in the Course of Construction £'000	Total £'000
<b>Cost</b>				
At 1 August 2021	-	-	-	-
Transfer from Tangible Fixed Assets	-	254	-	254
Additions	-	63	-	63
<b>At 31st July 2022</b>	<b>-</b>	<b>317</b>	<b>-</b>	<b>317</b>
<b>Amortisations</b>				
At 1 August 2021	-	-	-	-
Transfer from Tangible Fixed Assets	-	158	-	158
Charge for the year	-	21	-	21
<b>At 31st July 2022</b>	<b>-</b>	<b>179</b>	<b>-</b>	<b>179</b>
<b>Net bookvalue at 31st July 2022</b>	<b>-</b>	<b>138</b>	<b>-</b>	<b>138</b>
Net book value at 31st July 2021	-	-	-	-

## Notes to the Financial Statements for the year ended 31 July 2022

### 14 Tangible fixed assets (Group)

	Land and Buildings		Equipment	Assets in the Course of Construction	Total
	Freehold	Long Leasehold			
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2021	54,664	639	9,570	105	64,978
Transfer to Intangible Assets	-	-	(254)	-	(254)
Additions	282	-	943	3,705	4,930
<b>At 31 July 2022</b>	<b>54,946</b>	<b>639</b>	<b>10,259</b>	<b>3,810</b>	<b>69,654</b>
<b>Depreciation</b>					
At 1 August 2021	19,855	639	4,726	-	25,220
Transfer to Intangible Assets	-	-	(158)	-	(158)
Charge for the year	1,292	-	1,531	-	2,823
<b>At 31 July 2022</b>	<b>21,147</b>	<b>639</b>	<b>6,099</b>	<b>-</b>	<b>27,885</b>
<b>Net book value at 31 July 2022</b>	<b>33,799</b>	<b>-</b>	<b>4,160</b>	<b>3,810</b>	<b>41,769</b>
Net book value at 31 July 2021	34,809	-	4,844	105	39,758

### 14 Tangible fixed assets (College)

	Land and Buildings		Equipment	Assets in the Course of Construction	Total
	Freehold	Long Leasehold			
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2021	54,586	639	9,372	105	64,702
Transfer to Intangible Assets	-	-	(254)	-	(254)
Transfer from APT			90		90
Additions	282	-	884	3,705	4,871
<b>At 31 July 2022</b>	<b>54,868</b>	<b>639</b>	<b>10,092</b>	<b>3,810</b>	<b>69,409</b>
<b>Depreciation</b>					
At 1 August 2021	19,779	639	4,616	-	25,034
Transfer to Intangible Assets	-	-	(158)	-	(158)
Transfer from APT			86		86
Charge for the year	1,292	-	1,476	-	2,768
<b>At 31 July 2022</b>	<b>21,071</b>	<b>639</b>	<b>6,020</b>	<b>-</b>	<b>27,730</b>
<b>Net book value at 31 July 2022</b>	<b>33,797</b>	<b>-</b>	<b>4,072</b>	<b>3,810</b>	<b>41,679</b>
Net book value at 31 July 2021	34,807	-	4,756	105	39,668



## Notes to the Financial Statements for the year ended 31 July 2022

### 15 Fixed Asset Investments - college

	College 2022 £'000	College 2021 £'000
Investments in subsidiary companies	-	1
<b>Total</b>	<b>-</b>	<b>1</b>

The College owned 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. On 31st July 2022 the activities of this company were 'hived up' into IEG. It is the intention that the subsidiary company will close and be struck off during 2022/23.

The College owned 25 £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.

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

### 16 Trade and other receivables

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Amounts falling due within one year:				
Trade receivables	831	748	1,195	871
Amounts owed by group undertakings:	-	6,837	-	3,731
Prepayments and accrued income	1,488	1,449	1,152	1,366
Other Debtors	39	-	681	-
<b>Total</b>	<b>2,358</b>	<b>9,034</b>	<b>3,028</b>	<b>5,968</b>

### 17 Current investments

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Short term deposits	1,875	1,875	3,322	3,322
<b>Total</b>	<b>1,875</b>	<b>1,875</b>	<b>3,322</b>	<b>3,322</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.

# Notes to the Financial Statements for the year ended 31 July 2022

## 18 Creditors: amounts falling due within one year

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Bank loans and overdrafts	92	92	88	88
Trade payables	1,934	1,507	460	300
Amounts owed to subsidiary undertakings	-	141	-	46
Corporation tax	-	-	4	-
Other taxation and social security	511	481	484	475
Accruals and deferred income	2,933	2,535	4,807	3,626
Deferred income - government capital	642	545	615	563
Deferred income - government revenue	-	-	-	-
Other creditors	1,857	1,730	1,024	1,020
<b>Total</b>	<b><u>7,969</u></b>	<b><u>7,031</u></b>	<b><u>7,482</u></b>	<b><u>6,118</u></b>

## 19 Creditors: amounts falling due after one year

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Bank loans	570	570	649	649
Deferred income - government capital	11,978	11,932	9,642	9,642
<b>Total</b>	<b><u>12,548</u></b>	<b><u>12,502</u></b>	<b><u>10,291</u></b>	<b><u>10,291</u></b>

Inspire Education Group took out a loan of £1.3 million in 2013 from Santander. The loan was taken out for the purchase of the Media and Journalism Centre in Broadway, Peterborough. The loan term is 10 years, ending on 19 September 2023, and has a fixed interest rate of 4.43%.

## 20 Maturity of debt

### Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
In one year or less	92	92	88	88
Between one and two years	570	570	649	649
<b>Total</b>	<b><u>662</u></b>	<b><u>662</u></b>	<b><u>737</u></b>	<b><u>737</u></b>

The above values related to a loan of £1.3 million in 2013. The loan term is 10 years, ending on 19 September 2023, and has a fixed interest rate of 4.43%.

# Notes to the Financial Statements for the year ended 31 July 2022

## 21 Provisions

### Group and College

	Defined benefit Obligations £'000	Restructuring £'000	Enhanced pensions £'000	Other £'000	Total £'000
At 1 August 2021	27,257	-	828	-	28,085
Utilised in the year	7,177	-	(67)	-	7,110
Additional provision in the year	(34,419)	-	-	-	(34,419)
<b>At 31 July 2022</b>	<b>15</b>	<b>-</b>	<b>761</b>	<b>-</b>	<b>776</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:

	2022	2021
Price inflation	1.30%	1.60%
Discount Rate	3.50%	1.60%

## 22 Consolidated analysis of changes in net debt

	At 1 August 2021 £'000	Cash flows £'000	Other changes £'000	At 31 July 2022 £'000
Cash and cash equivalents	7,290	3,091	-	10,381
	<u>7,290</u>	<u>3,091</u>	<u>-</u>	<u>10,381</u>
Bank Loan: Due within 1 year	(88)	(4)	-	(92)
Bank Loan: Due after 1 year	(649)	79	-	(570)
Investments	3,322	(1,447)	-	1,875
<b>Total net funds</b>	<b>9,875</b>	<b>1,719</b>	<b>-</b>	<b>11,594</b>

## 23 Capital commitments

	Group and College	
	2022 £'000	2021 £'000
Commitments contracted for at 31 July 2022	298	3,200

The amount in 2022 relates to contracts to complete the RIBA 4 design phase of a Green Technology Centre.

# Notes to the Financial Statements for the year ended 31 July 2022

## 24 Lease Obligations

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

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
<b>Future minimum lease payments due</b>				
<b>Land and buildings</b>				
Not later than one year	12	12	119	72
Later than one year and not later than five years	48	48	48	48
later than five years	924	924	936	936
	<u>984</u>	<u>984</u>	<u>1,103</u>	<u>1,056</u>
<b>Other</b>				
Not later than one year	29	29	35	35
Later than one year and not later than five years	13	13	41	41
	<u>42</u>	<u>42</u>	<u>76</u>	<u>76</u>
Total lease payments due	<u>1,026</u>	<u>1,026</u>	<u>1,179</u>	<u>1,132</u>

## 25 Contingent liabilities

There are currently no contingent liabilities

## 26 Events after the reporting period

A transfer of the UCP building from Anglia Ruskin University to IEG completed via a Deed of Surrender on 15th November 2022. This transfers a building with a value of approximately £6.6M to IEG.

On 29th November 2022 the Office for National Statistics re-classified further education colleges from private sector to public sector organisations. At the time of writing there are some significant changes, principally to IEG's ability to raise finance. There are also a number of financial uncertainties that are unlikely to be clarified at the date of approval of these accounts. The principle change being that IEG can no longer seek commercial borrowing, wider impacts remain unknown at this time.

## Notes to the Financial Statements for the year ended 31 July 2022

### 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

<b>Total pension cost for the year</b>	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Teachers Pension Scheme: contributions paid	2,163	2,124
Local Government Pension Scheme:		
Contributions paid	1,860	1,821
FRS 102 (28) charge	<u>3,364</u>	<u>2,350</u>
Charge to the Statement of Comprehensive Income	5,224	4,171
Other defined contribution Pension Schemes	7	6
<b>Total Pension Cost for Year</b>	<b><u>7,394</u></b>	<b><u>6,301</u></b>

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

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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 under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The college is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the college 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. The college has set out above the information available on the plan and the implications for the college in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

# Notes to the Financial Statements for the year ended 31 July 2022

## 27 Defined benefit obligations (continued)

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021-22 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £2,975K (2021: £2,720K)

### 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 contributions made for the year ended 31 July 2022 were £1,857K, of which employer's contributions totalled £2,379K and employees' contributions totalled £522K. The agreed contribution rates for future years are 22.3%, 23% and 23.7% for the college, and range from 5.5% to 12.5% for employees, depending on salary according to a national scale. There are no secondary payments due.

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 by Hymans.

### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2022 by a qualified independent actuary

	<b>At 31 July 2022</b>	<b>At 31 July 2021</b>
Rate of increase in salaries	3.20%	3.30%
Future pensions increases	2.70%	2.80%
Discount rate for scheme liabilities	3.50%	1.60%
Inflation assumption (CPI)	2.70%	2.80%
Commutation of pensions to lump sums	25%	25%

## Notes to the Financial Statements for the year ended 31 July 2022

### 27 Defined benefit obligations (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. An adjustment has been included within the actuarial valuation to account for the expected 2023 PI order to the amount of 9.9%.

The assumed life expectations on retirement age 65 are:

	<b>At 31 July 2022 years</b>	<b>At 31 July 2021 years</b>
<i>Retiring today</i>		
Males	22.00	22.20
Females	24.20	24.40
<i>Retiring in 20 years</i>		
Males	22.90	23.20
Females	26.00	26.20

### Local Government Pension Scheme (Continued)

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

	<b>Fair Value at 31 July 2022 £'000</b>	<b>Fair Value at 31 July 2021 £'000</b>
Equities	43,808	39,992
Bonds	8,136	10,147
Property	10,013	8,357
Cash	626	1,194
<b>Total market value of assets</b>	<b><u>62,583</u></b>	<b><u>59,690</u></b>
<b>Actual return on plan assets</b>	<b><u>1,766</u></b>	<b><u>9,589</u></b>

# Notes to the Financial Statements for the year ended 31 July 2022

## 27 Defined benefit obligations (continued)

### Local Government Pension Scheme (Continued)

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Deficit in scheme at 1 August	(27,257)	(24,571)
Movement in year:		
Current service cost	(5,224)	(4,177)
Employer contributions	1,857	1,824
Unfunded Benefits	3	3
Net interest expense on the defined liability	(463)	(361)
Actuarial gain or loss	31,069	25
<b>Net defined benefit liability at 31 July</b>	<b>(15)</b>	<b>(27,257)</b>

### Local Government Pension Scheme (Continued)

#### Asset and Liability Reconciliation

	<b>2022</b>	<b>2021</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>	86,947	73,606
Current Service cost	5,224	4,177
Interest cost	1,426	1,054
Contributions by Scheme participants	522	500
Experience gains and losses on defined benefit	213	(1,052)
Changes in financial assumptions	(30,479)	9,923
Estimated benefits paid	(1,255)	(1,261)
<b>Defined benefit obligations at end of period</b>	<b>62,598</b>	<b>86,947</b>

#### Reconciliation of Assets

<b>Fair value of plan assets at start of period</b>	59,690	49,035
Interest on plan assets	963	693
Return on plan assets	803	8,896
Employer contributions	1,857	1,824
Contributions by Scheme participants	522	500
Estimated benefits paid	(1,252)	(1,258)
<b>Fair value of plan assets at end of period</b>	<b>62,583</b>	<b>59,690</b>



# Notes to the Financial Statements for the year ended 31 July 2022

## 28 Related party transactions

The following table shows the Governor and Senior Post Holder related party interests in organisations and companies with which IEG had a trading relationship during the year ending 31st July 2022.

<b>Organisation/Company and nature of relationship with IEG</b>	<b>Name &amp; Nature of interest</b>
Allison Homes (formerly Larkfleet Homes) Provision of Apprenticeships by IEG	<b>Ian Jackson</b> (IEG Chair and Allison Homes Director)
Anglia Professional Training 100% Subsidiary of IEG	<b>APT Directors:</b> <b>Ian Jackson</b> (IEG Chair) <b>Dean Duffield</b> (IEG Governor) <b>Rachel Nicholls</b> (Deputy CEO 1st August 2021 to 30th June 2022 and CEO from 1st July 2022)
Burghley House Preservation Trust Leaseholder Borderville Campus	<b>David Pennell</b> (IEG Vice Chair & CEO Burghley House Preservation Trust)
Inspire+ IEG Subcontract partner	<b>Vincent Brittain</b> (IEG Governor & Inspire+ CEO)
Peterborough City Council IEG Subcontract partner, direct funder for high needs students and Local Authority for Peterborough College	<b>Marco Cereste</b> (IEG Governor & PCC Councillor)
Peterborough Skills Academy IEG Subcontract partner	<b>PSA Director</b> <b>Alison Fox</b> (IEG Senior Post Holder)
QRS 100% Subsidiary of IEG	<b>QRS Directors</b> <b>David Pennell</b> (IEG Vice Chair) <b>Janet Meenaghan</b> (IEG CEO to 30th June 2022) <b>Louise Perry</b> (IEG Senior Post Holder)
UCP 100% Subsidiary of IEG	<b>UCP Directors</b> <b>Sir Les Ebdon</b> (IEG Governor & Chair of UCP Council) <b>Mary Kiernan</b> (IEG Governor & UCP Council Member) <b>Rachel Nicholls</b> (Deputy CEO 1st August 2021 to 30th June 2022 and CEO from 1st July 2022 & UCP Council Member) <b>Louise Perry</b> (IEG Senior Post Holder and UCP Council Member)

## Notes to the Financial Statements for the year ended 31 July 2022

### 28 Related party transactions (continued)

The following transactions have taken place during the Financial Year ending 31st July 2022 between IEG and organisations in which there is a related party interest.

	<b>2022</b>	<b>2021</b>
	<b>Expenditure</b>	<b>Income</b>
	<b>£'000</b>	<b>£'000</b>
Anglia Professional Training	87	37
Burghley House Preservation Trust	14	-
Inspire+	373	1
Peterborough City Council	165	1,344
Peterborough Skills Academy	83	-
QRS	3,727	-
UCP	-	2,725
	<b>Amounts</b>	<b>Amounts</b>
	<b>Owed at 31</b>	<b>Owing at 31</b>
	<b>July 2022</b>	<b>July 2022</b>
	<b>£'000</b>	<b>£'000</b>
Anglia Professional Training	-	-
Burghley House Preservation Trust	-	-
Inspire+	108	-
Peterborough City Council	77	171
Peterborough Skills Limited	11	-
QRS	141	-
UCP	-	6,847

During the year Inspire Education Group made provision of £50k (2021: Nil) against amounts owed by Anglia Professional Training, a subsidiary company.

### 29 Amounts disbursed as agent

<b>Learner support funds (Group and College)</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening Balance of unspent funds</b>	455	244
Funding body grants	1252	1,226
Other Funding body grants	16	27
Interest earned	-	-
	<u>1723</u>	<u>1497</u>
Disbursed to students	(855)	(1,010)
Administration costs	(43)	(32)
Balance unspent as at 31 July, included in creditors	<u>825</u>	<u>455</u>

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.

## Notes to the Financial Statements for the year ended 31 July 2022

### 30 Access and participation expenditure

<b>Group</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Access investment	104	120
Financial support provided to students	179	240
Support for disabled students	36	30
Research and evaluation related to access and	46	71
Total access and participation expenditure	<u>365</u>	<u>461</u>

  

<b>College</b>	<b>2022</b>	<b>2021</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	-	22
Total access and participation expenditure	<u>-</u>	<u>22</u>

### 31 Acquisitions

#### Business combination

On 31 July 2022 the trade, assets and liabilities of APT were transferred to IEC at carrying value. The net carrying value, which is also considered to be the fair value, of the assets and liabilities transferred was £281,016. The consideration was settled through the inter-company loan account.

# **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 21 October 2021 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or those of 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 2021 to 31 July 2022 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 2021 to 31 July 2022 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.

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 2021 to 31 July 2022 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 those of any other public funder 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**

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Date

