

Inspire Education Group

FINANCIAL STATEMENTS

2022 - 2023



Inspire
Education Group

*Peterborough and Stamford,
Thriving Together*

**Inspire Education Group
Report and Financial Statements
for the year ended
31 July 2023**

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 to 4th July 2023)
David Pennell (Vice Chair to 4th July 2023, and Chair from 4th July 2023)
Rod Allerton
Martin Ballard
Vincent Brittain
Gillian Beasley appointed 18th October 2022
Marco Cereste
Dean Duffield resigned 18th October 2022
Professor Sir Les Ebdon
Mark Haydon
Tony Keeling
Mary Kiernan resigned 18th October 2022
Fathima Keegan resigned 27th April 2023
Pamela Kilbey appointed 23rd February 2023
Angie Morris
Jonathan Teesdale
Pam Vaughan resigned 23rd November 2023
Faustina Yang
Qun Yang
Steve Saffhill (Staff)
Tony Warner (Staff)
Jennifer Brassington – Co-opted member of Curriculum & Quality Committee
Aleeza Akhtar appointed 13th December 2022 and resigned 6th February 2023
Liam Cudlipp appointed 13th December 2022
Tori Kazcorowska appointed 23rd February 2023

All Governor appointments unless otherwise stated were members of the Board for the duration of the financial year.

Ms Joanne Ulyatt acted as Governance Director and Clerk to the Corporation during 2022/23.

Key management personnel

Key management personnel are defined as members of the Group Executive Team and were represented by the following in 2022/23:

Chief Executive Officer	Rachel Nicholls
Chief Financial Officer:	Louise Perry
Chief Operating Officer:	Ed Thomas (from 1 st May 2023)
Executive Director Business Development:	Alison Fox

Professional advisers

Financial Statement Auditor	RSM UK Audit LLP, Blenheim House, Newmarket Road, Bury St. Edmunds, Suffolk, IP33 3SB
Internal Auditor	Validera/Haines Watts, 250 Fowler Avenue, Farnborough, Hants, GU14 7JP
Bankers	NatWest, Cathedral Square, Peterborough, PE1 1XL
Legal Services	Eversheds Sutherland, 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 2023.

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 1st August 2020, from a merger of Peterborough Regional College and New College Stamford.

The IEG Group had two wholly owned subsidiaries during the year. IEG started the year holding a 20% interest in a private training provider, Peterborough Skills Limited, this was disposed of on 16th December 2022.

The subsidiaries compliment the offer made by the main colleges in the Group. University Centre Peterborough (UCP) is the higher education arm for the IEG Group, providing education up to level 6. 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.

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 principal 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 predominantly 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, colleges, 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
 - Cambridge Regional College

- 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 10,200 full and part time students, including 357 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 1,247 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 national performance measures and extensive curriculum reform.

Progress against strategic objectives

During 2022/23 the operational challenges in educating our students post-pandemic lessened. Though sickness levels for staff and students remained at higher than normal levels.

There is no doubt that progress in all areas of the strategic objectives remain challenging in the first post-pandemic year. In particular, apprenticeship opportunities did not grow as planned, and our students' opportunity to gain work experience remained lower than the pre-covid levels, and overall student attendance across education has not returned to normal levels.

Despite all of this, the third year of IEG was a very successful one, gaining a 'Good' Ofsted rating, and obtaining the highest level of achievement rates in both of the college's recent history. Further details are described against each metric below.

IEG Strategic Report contd.

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 2022/23 Progress

IEG have made continued progress in improving quality during the year. This was independently verified by a full Ofsted inspection in March 2023, inspecting IEG for the first time as a newly merged college Group and achieving an overall grade of good, with three areas graded as outstanding.

Retention and pass rates for full time further education students increased in the year, with overall achievement rates rising by 1.6% to 88.2%, this is on top of a 4.2% rise between 2020 and 2022, and 4.6% above the national average.

- GCSE English grades 4-9 were 5.7% above the general further education average, and GCSE maths 1.6% above the general further education average.
- On Degree Programmes 80% of students achieved First or Upper Second
- HNC and HND Programmes over 85% of students achieved Merit or Distinction
- Apprenticeship achievement rates 53.6% (national average not yet published)
- 86.66% of FE students said in the end of year survey said they would recommend the College to a friend.
- 91% 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 2023/24 students, 44% (2249 students progressed 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 2022/23 Progress

The post-pandemic year was incredibly challenging, with IEG continuing to experience the effects of the post pandemic 'great resignation' and a contraction of the local available workforce to take up vacancies at all levels. Absence rates remained above normal, though declined throughout the year. Despite this there were many positives in year, in detail:

- Staff satisfaction survey results showed a marked improvement against the prior year
- Absence at 31st July 2023 was an average of 5.9 days (5.4 days adjusted for Covid), above the strategic target of an average of 5.5 days
- Staff turnover at 31st July 2023 was 16.8%, below the strategic target of 18.2%, but with significant numbers of vacancies, many due to internal promotions
- IEG continued to invest in staff development, in both time and funding investing £459,000 in the academic year
- No departments were rated red in Health and Safety audits in year

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 demonstratable 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 2022/23 progress was considerable against the challenges faced in the prior years.

- In the survey undertaken in 2022/23, relating to summer 2022 leavers, 95% of students aged 16-19 achieved their goal to further study or employment and 87% of adults studying at IEG progress onto FE or employment
- Curriculum strategies strongly reflect the local skills priorities, and are demonstrated in the IEG accountability statement
- Adult skills were graded as strong in the Ofsted inspection
- IEG maintains strong links with the Greater Lincolnshire LEP and the Cambridge and Peterborough Combined Authority (CPCA)
- IEG contributed to the new Local Skills Improvement Plans, and wrote our first accountability statement
- IEG delivered multiply (maths) and skills boot camps
- Overall commercial activities financial performance improved against the prior year, though the high inflationary environment impacted overall performance.

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

IEG Strategic Report contd.

Financial results

Our 2022/23 progress is defined in the table below:

	2022/23 Target	2022/23 Actual
Financial Health	Good	Good
Financial Management	Good	Good
Cashflow from operations before Capital Investment £'000s	2,983	(830)
Over 60 days cash in hand	75	82
Current ratio above 1.4	1.58	1.85
Positive Balance on reserves (excl. Pension Liability) £'000s	15,655	40,969
Cash based operating surplus greater than 6% of income	6%	2%
Pay costs as a percentage of income	63.44%	58.56%
Borrowing less than 30% of income (Excluding Capital Grant Funding)	1.16%	1.00%
Borrowing less than 20% as a % of net current assets (excl. pension liability)	1.35%	8.09%

The Group generated an in year operating surplus of £0.095M, this was offset by a number of corrections of prior year estimates taken through the 2022/23 financial statement in and overall operating deficit on continuing activities of £0.863M (2021/22 surplus of £0.388M) 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 £40.969M and cash and cash equivalent investment balances of £9.606M

The Group invested £4.012M in capital expenditure. The majority of investment in 2022/23 was related to refurbishment, IT and curriculum equipment replacement. The net book value of the tangible asset at the end of 2022/23 was £49,617M (2022/23: £41,769M)

The Group has significant reliance on the ESFA and CPCA for its principal funding source, largely from recurrent grants. In 2022/23 this was 68%, in 2021/22 the ESFA/CPCA provided 77% 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 2022/23 is 'Good' financial health.

The Group had two subsidiary companies at the start of the year, University Centre Peterborough (UCP), and QRS Ltd. The Group exited the 20% interest in Peterborough Skills Limited in December 2022.

IEG Strategic Report contd.

Capital Investment

IEG continued to develop the Centre for Green Technology project, a £13.6M project, providing a three-storey building consisting of workshops, laboratories and classrooms. IEG obtained full planning permission for the building in April 2023. The planned start date of June 2023 was deferred, as a result of a funding shortfall.

This has been resolved, and the building construction will commence in October 2023.

The new Construction Centre at Stamford College opened to students in September 2022, having been completed in the prior year, providing four large workshops covering various construction curriculum areas.

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 improving the fabric of the building and started in 2022/23, and will finish in summer 2024, with the aim of improving building efficiency, and will be achieved by replacing roofs, heating systems, lighting and windows over the next two years.

IEG received an energy grant of £394K, this was deployed to upgrade one block to become as close to net zero as possible, the work was 50% complete at year end, finishing in October 2023.

The Group invested £525K in projects covering technology, curriculum equipment, and estates upgrades.

Cash flows

The operating cash outflow for the year was £0.83M, and £3.704M gross/£0.023M net was invested in capital asset investments.

Liquidity

The Group currently has cash reserves of £9.606M (2022: £10,381M) and had an outstanding loan balance of £0.6M at the year end. The loan was paid off in full in September 2023.

IEG Strategic Report contd.

CURRENT PERFORMANCE

Student numbers 2022/23

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

Type of Provision	Numbers enrolled in 2022/23	Numbers enrolled in 2021/22
Education Programmes for young people	4,645	4,405
Adult learning programmes	3,768	3,599
Apprenticeships 16-18	431	440
19+	816	808
Provision for students with high needs (Inc. above)	357	372
Delivery through partners (Inc. above)	2,085	2,487
Higher education	734	748

Student achievements

The data table below shows overall retention, pass and achievement rate percentages for the College in 2022/23

All Ages	2022/23			2021/22			2020/21		
	IEG	Provider Group	National Average	IEG	Provider Group	National Average	IEG	Provider Group	National Average
Leavers	15,485			14,773			14,030		
Retention %	93.7	91.4	90.4	93.0	Not Available*	92.9	93.4	92.9	91.6
Achievement %	88.2	83.8	83.6	86.6	Not Available*	86.7	85.3	86.7	86.0
Pass %	94.1	91.7	92.4	93.1	Not Available*	93.3	91.3	93.3	93.9

*Data not available in 2021/22 due to teacher assessed grades

Curriculum developments

The Group regularly reviews its curriculum offer to meet Government and funding agency priorities and the Local Skills Improvement Plan 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)
- Providing a good quality higher education offer
- 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 Open University, 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, expanding 14-16 provision in year. 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 110% of the allocation through innovative on-line programmes and as well as face to face delivery.

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 12.

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 2022 to 31 July 2023 the Group paid 59% 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

IEG entered into a ten-year loan agreement for £5.5M with the Department for Education on 01 November 2023 to help with the funding of the planned Centre for Green Technology. IEG also contracted with Cleggs for the construction of the Centre for Green Technology building, with an initial cost plan of 11.4M. The building works commenced on 23rd October 2023.

Going concern

Following the reclassification of FE colleges and their subsidiaries to the government sector in November 2022, the college has continued to account for all the regularity requirements and financial management as set out by the ONS within the financial controls, management and forecasts.

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 2026. 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 student income, and a slight decline in apprenticeship income. The additional core funding rate for 2024/25 aligns to the funding increase awarded in September 2023 and base rate rises of 2% have been included. Costs include the impacted of 2023/24 modelled pay awards. All figures consider the risks posed by the 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 DfE loan financing and/or grant funding. 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 in 2023/24 are:

- 14-16-year-old provision is continuing to expand, working directly with six Peterborough Schools this is seen as a key area for growth for the organisation.
- A new partnership with the 'Code Institute' piloted web development courses, this will expand in the current year.
- An innovative on-line level 3 access course is starting in October 2023.
- ESOL delivery in the workplace is being offered to major local employers.
- IEG commenced T level delivery in September 2023.
- UCP are piloting the development of 'higher technical qualifications' (HTQs).

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:

- Heavy Goods Vehicle Training Following the success of our HGV training in Peterborough this is now in place 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. The second phase is underway and is expected to continue to 2025.

The investment in IEG assets continues, after being awarded £0.9M by the DfE to support a £3M refurbishment programme at Peterborough College, major works were carried out over Summer 2023, and will complete in Summer 2024. We are also continuing to develop a Centre for Green Technology building at Peterborough College, which missed the initial target construction start date of May 2023, and will start in October 2023, with a completion date of November 2024. The overall cost of this project is £13.6M, to date £4.8M of capital grant funding, and a £5.5M loan from the DfE has been secured, with the remaining costs being funded by cash reserves.

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

IEG Strategic Report contd.

Financial plan

The IEG governors approved a financial plan in July 2023 that sets objectives for the period to 2026. The plan was written to maintain its financial health rating of 'Good' and achieve a surplus in the year to 31 July 2024, in line with the Group's Strategic Objectives. After the plan was approved the DfE announced a change to the base funding rate, increasing the income by £1.97M, this will be deployed in increased pay costs.

Student recruitment in September 2023 showed significant growth in further education, and generally maintaining HE student numbers. The level of growth will put extreme pressure on the expenditure budgets in year. Significant amount of revenue and capital project funding have been secured in year, this has not significantly altered the surplus forecast of the 2023/24 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 2022/23.

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 £9.6M of cash reserves as at the year end.

As at the balance sheet date the Income and Expenditure reserve stands at a surplus of £33.263M (2022: £27.457M), this includes the impact of an actuarial gain on the defined benefit pension scheme of £0.714M, resulting in an overall cumulative balance sheet position on the Local Government Pension Scheme of £0 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 EBITDA performance for 2022/23 was 2%

Resources

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

Financial

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

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

IEG Strategic Report contd.

People

The Group employed on average 1,029 people during 2022/23 (2021/22: 980) 673 were teaching staff and 356 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 were 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 2022/23 two risks were at target (subcontractor and quality risks) the remaining strategic risks remained relatively consistent, with the enrolment risk reducing towards the end of the year.

IEG Strategic Report contd.

Most strategic risks have a strong external dynamic, with management controls and action plans that demonstrate how IEG is controlling external as well as internal risks. 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 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	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.

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

IEG Strategic Report contd.

- Counselling and welfare services are described in the Group Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Trade Union Facility Time

IEG 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 13th December 2022 and signed on its behalf by:



David Pennell
Chairman

IEG Statement of Corporate Governance and Internal Control

This statement covers the period from 1 August 2022 to 31 July 2023 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 colleges from the Association of Colleges in the Code of Good Governance for English Colleges (“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 2023. This opinion is based on an internal review of compliance with the English Colleges of Good Governance reported to the board on 13th 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 3rd 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. 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 a range of apprenticeships. 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
Rachel Nicholls	CEO	Ex-Officio	N/A	Corporation, F&R, C&Q, Search	18	18	100%
Rod Allerton	External	03/08/2020	31/07/2023	Corporation, F&R	10	10	100%
Martin Ballar	External	03/08/2020	31/07/2024	Corporation, Audit, Search	9	11	82%
Gillian Beasley	External	18/10/2022	17/10/2025	Corporation, Audit	4	8	50%
Vincent Brittain	External	04/07/2022	03/07/2025	Corporation, F&R	9	10	90%
Marco Cereste	External	03/08/2020	31/07/2023	Corporation	4	5	80%
Dean Duffield	External	03/08/2020	31/07/2023	Corporation, F&R	0	1	0%
Les Ebdon	External	04/07/2022	03/07/2025	Corporation	3	5	60%
Mark Haydon	External	03/08/2020	31/07/2023	Corporation, Audit	8	9	89%
Ian Jackson	External	03/08/2020	31/07/2025	Corporation, F&R, Search	11	14	79%
Tony Keeling	External	03/08/2020	31/07/2025	Corporation, Audit, Search	9	11	82%
Mary Kiernan	External	03/08/2020	31/07/2025	Corporation, C&Q	1	1	100%
Pamela Kilbey	External	23/02/2023	22/02/2025	Corporation, C&Q	3	5	60%
Angie Morris	External	03/08/2020	31/07/2024	Corporation, C&Q, Search	11	12	92%
David Pennell	External	03/08/2020	31/07/2025	Corporation, F&R, Search	14	14	100%
Steve Saffhill	Staff	03/08/2020	02/08/2023	Corporation, C&Q	7	9	78%
Jonathan Teesdale	External	03/08/2020	31/07/2023	Corporation, C&Q	6	9	67%
Anthony Warner	Staff	03/08/2020	02/08/2023	Corporation, C&Q	8	9	89%
Jennifer Brassington	External (co-opted)	13/12/2021	12/12/2023	C&Q	3	4	75%
Fatima Keegan	External	13/12/2021	Resigned 27/04/2023	Corporation, F&R	3	8	38%
Pam Vaughan	External	13/12/2021	12/12/2023	Corporation, C&Q	9	9	100%
Faustina Yang	External	13/12/2021	12/12/2023	Corporation, F&R	8	10	80%
Qun Yang	External	13/12/2021	12/12/2023	Corporation, Audit	7	9	78%
Liam Cudlipp	Student	13/12/2022	31/07/2023	Corporation, C&Q	7	7	100%
Aleeza Akhtar	Student	13/12/2022	Resigned 06/02/2023	Corporation, C&Q	1	1	100%
Tori Kazcorowska	Student	23/02/2023	31/07/2023	Corporation, C&Q	0	6	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 (SAR) 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.

Review of Governance Performance

<p>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.</p>	<p>The Corporation undertakes an annual review of its performance against this Code which is then considered by the Corporation Governance also regularly reviewed by internal auditors and external reviewers.</p>
<p>10.2 The Corporation should define in writing and regularly review the respective responsibilities of the Chair, the Principal, the Clerk and individual Governors.</p>	<p>Met</p>
<p>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.</p>	<p>Met</p>
<p>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.</p>	<p>Met</p>
<p>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.</p>	<p>An annual review of the Standing Orders is undertaken and intermediate reviews as necessary.</p>
<p>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.</p>	<p>Undertaken via annual Strategic Planning event and also via the SAR processes, with confirmation from the Ofsted Visit, March 2023</p>
<p>10.7 The Corporation should, where possible, benchmark its performance and processes against other comparable Colleges and relevant institutions outside the FE sector.</p>	<p>Undertaken via the annual IEG and Governance SAR processes with confirmation from the Ofsted Visit, March 2023</p>

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, alongside external peer reviewers.

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

From this assessment three 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 13th December 2023.

Clause	Actions for consideration
5.4	Consider publishing an Annual Community and Stakeholder Engagement summary
5.5	Consider implementing a Stakeholder Satisfaction survey and publishing the results
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 2022/23 two Governor Development Events were held on 12th January 2023 and 11th May 2023. Each Governor undertook a skills appraisal with the Chair during the year to identify specific training and development needs, and a range of on-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 2023 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 CEO), 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.

IEG Statement of Corporate Governance and Internal Control contd.

The Audit Committee met four times during 2022/23. 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.

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 until 13 December 2022) (Attendance 3/4);
- Mark Haydon (Attendance 4/4);
- Tony Keeling (Chair from 13 December 2022) (Attendance 4/4); and
- Qun Yang (Attendance 4/4)

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.

IEG Statement of Corporate Governance and Internal Control contd.

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 2023 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 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

The group's internal audit arrangement with Validera/Haines Watts continued during the year ended 31 July 2023. Validera/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*.

IEG Statement of Corporate Governance and Internal Control contd.

The Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements and updated them to ensure compliance with the new requirements. The college has established systems and processes to identify and handle any transactions for which DfE approval is required.

Statement from the audit committee

The audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2022/23 and up to the date of the approval of the financial statements are:

- review of audit strategies and plans presented by the Group's internal and external auditors and, where appropriate, recommending amendments
- review of reports and recommendations for improvement from the Group's auditors and seeking information and explanations from management
- monitoring implementation of auditors' recommendations
- review of the Group Risk Management (RM) arrangements
- review of value for money procedures and achievements

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 and the reporting accountant for regularity assurance.

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 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023 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 13th December 2023 and signed on its behalf by:



David Pennell
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 framework of authorities governing regularity, propriety and compliance, and 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 those authorities and 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 framework of authorities and the terms and conditions of funding, under the corporation’s grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the “Dear accounting officer” letter of 29 November 2022 and ESFA’s bite size guides.

I confirm that no instances of material irregularity, impropriety, funding noncompliance with the framework of authorities 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
13th December 2023

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.



David Pennell
Chair of the Corporation
13th December 2023

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 Cambridgeshire and Peterborough Combined Authority, 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 also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

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.

Statement of Responsibilities of the Members of the Corporation contd.

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, 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, including that any transactions entered into by the corporation are within the delegated authorities following the reclassification of college corporations on 29 November 2022. 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.

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 13th December 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'D Pennell', with a long horizontal flourish extending to the right.

David Pennell
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 2023 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 and college 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 the Accounts Direction 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 2023 and of the Group's and the College's surplus 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 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.

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

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 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 31 to 32, 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

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

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 framework that the group and college operates in and how the group and college are complying with the legal and regulatory framework;
- 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;

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

- 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 laws 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

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

extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Blenheim House
Newmarket Road
Bury St Edmunds
Suffolk
IP33 3SB

Inspire Education Group
Consolidated and College Statements of Comprehensive Income

	Notes	Year ended 31 July		Year ended 31 July	
		2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
INCOME					
Funding body grants	2	38,262	37,797	36,585	35,507
Tuition fees and education contracts	3	8,400	3,674	8,234	3,138
Other grants and contracts	4	-	-	18	18
Other income	5	2,777	5,491	2,389	5,126
Endowment and investment income	6	215	189	16	29
Donations	7	6,615	6,615	75	75
Total income		56,269	53,766	47,317	43,893
EXPENDITURE					
Staff costs	8	32,950	33,069	32,529	32,114
Other operating expenses	9	15,535	12,952	14,844	11,674
Depreciation & Amortisation	12	2,687	2,669	2,884	2,789
Interest and other finance costs	10	47	47	503	503
Total expenditure		51,219	48,737	50,760	47,080
Surplus / (Deficit) before other gains and losses		5,050	5,029	(3,443)	(3,187)
Gain on disposal of assets		5	5	-	-
Exceptional Loss		(59)	(59)	-	-
Surplus / (Deficit) before tax		4,996	4,975	(3,443)	(3,187)
Taxation	13	-	-	4	-
Surplus (Deficit) for the year		4,996	4,975	(3,439)	(3,187)
Actuarial gain in respect of pensions schemes		714	714	31,069	31,069
		5,710	5,689	27,630	27,882

The accompanying notes on pages 43 to 73 form part of the financial statements

Inspire Education Group
Consolidated and College Balance sheets as at 31 July 2023

	Notes	Group	College	Group	College
		2023 £'000	2023 £'000	2022 £'000	2022 £'000
Fixed assets					
Tangible fixed assets	13	49,617	49,505	41,769	41,679
Intangible assets	12	128	128	138	138
		49,745	49,633	41,907	41,817
Current assets					
Stocks		55	55	31	31
Trade and other receivables	15	2,998	5,371	2,358	9,034
Investments	16	1,904	1,904	1,875	1,875
Cash and cash equivalents		9,606	6,391	10,381	2,638
		14,563	13,721	14,645	13,578
Less: Creditors – amounts falling due within one year	17	(7,704)	(7,061)	(7,969)	(7,031)
Net current assets		6,859	6,660	6,676	6,547
Total assets less current liabilities		56,604	56,293	48,583	48,364
Less: Creditors – amounts falling due after more than one year	18	(15,041)	(14,924)	(12,548)	(12,502)
Provisions					
Defined benefit obligations	25	-	-	(15)	(15)
Other provisions	20	(594)	(594)	(761)	(761)
Total net assets		40,969	40,775	35,259	35,086
Restricted reserves					
Income and expenditure reserve - restricted reserve		5	5	5	5
Unrestricted reserves					
Income and expenditure account		33,263	33,068	27,457	27,283
Revaluation reserve		7,586	7,587	7,682	7,683
Capital reserves		115	115	115	115
Total unrestricted reserves		40,964	40,770	35,254	35,081
Total reserves		40,969	40,775	35,259	35,086

The financial statements on pages 43 to 73 were approved and authorised for issue by the Corporation on 13th December 2023 and were signed on its behalf on that date by:



David Pennell
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
Group					
Balance at 1st August 2021	(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)	-	-	-
	27,726	(96)	-	-	27,630
Balance at 31st July 2022	27,457	7,682	5	115	35,259
Surplus from the income and expenditure account	4,996	-	-	-	4,996
Other comprehensive income	714	-	-	-	714
Transfers between revaluation and income and expenditure reserves	96	(96)	-	-	-
Total comprehensive income for the year	5,806	(96)	-	-	5,710
Balance at 31st July 2023	33,263	7,586	5	115	40,969
College					
Balance at 1st August 2021	(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)	-	-	-
	27,978	(96)	-	-	27,882
Balance at 31st July 2022	27,283	7,683	5	115	35,086
Surplus from the income and expenditure account	4,975	-	-	-	4,975
Other comprehensive income	714	-	-	-	714
Transfers between revaluation and income and expenditure reserves	96	(96)	-	-	-
Total comprehensive income for the year	5,785	(96)	-	-	5,689
Balance at 31st July 2023	33,068	7,587	5	115	40,775

The accompanying notes on pages 43 to 73 form part of the financial statements

Inspire Education Group
Consolidated Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
Cash inflow from operating activities			
Surplus / (Deficit) for the year		4,996	(3,439)
Adjustment for:			
Depreciation		2,645	2,823
Amortisation	12	42	61
Gain on disposal of fixed assets		(5)	-
Donation of assets	7	(6,615)	(75)
Transfer of Assets to SOCI		99	-
Investment income (Interest Received)		(215)	(16)
Interest payable	10	47	503
(Increase)/decrease in provisions		(192)	(67)
Pensions costs	25	686	3,364
Operating Cashflow before movement in Working Capital		1,488	3,154
(Increase)/decrease in stocks		(24)	18
(Increase)/decrease in debtors		(640)	670
Increase/(decrease) in creditors		(1,003)	460
Capital Grant Release	2	(651)	(612)
Cash Generated from Operations		(830)	3,690
Taxation paid		-	(4)
Net cash outflow flow from operating activities		(830)	3,686
Cash flows from investing activities			
Proceeds from sale of fixed assets		8	-
Capital Investment Grant		3,681	2,975
Investment income		186	16
Deposit from Investments		-	1,447
Payments made to acquire fixed assets		(3,704)	(4,918)
		171	(480)
Cash flows from financing activities			
Interest paid		(9)	(40)
Repayments of amounts borrowed	21	(107)	(75)
		(116)	(115)
(Decrease)/Increase in cash and cash equivalents in the year		(775)	3,091
Cash and cash equivalents at beginning of the year	21	10,381	7,290
Cash and cash equivalents at end of the year	21	9,606	10,381

The accompanying notes on pages 43 to 73 form part of the financial statements

Inspire Education Group
College Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
Cash inflow from operating activities			
Surplus / (Deficit) for the year		4,975	(3,187)
Adjustment for:			
Depreciation		2,627	2,823
Amortisation	12	42	61
Gain on disposal of fixed assets		(5)	-
Donation of assets	7	(6,615)	(75)
Transfer of Assets to SOCI		102	-
Investment income (Interest Received)		(215)	(16)
(Increase)/decrease in Provisions		(192)	(67)
Interest payable	10	47	503
Pensions costs	25	686	3,364
Operating Cashflow before movement in Working Capital		1,452	3,406
(Increase)/decrease in stocks		(24)	18
(Increase)/decrease in debtors		3,663	(3,066)
Increase/(decrease) in creditors		(782)	791
Capital Grant Release	2	(651)	(591)
Cash Generated from Operations		3,658	558
Taxation paid		-	(4)
Net cash outflow flow from operating activities		3,658	554
Cash flows from investing activities			
Proceeds from sale of fixed assets		5	-
Capital Investment Grant		3,684	2,975
Investment income		186	3
Deposit from Investments		-	1,447
Payments made to acquire fixed assets		(3,664)	(4,918)
		211	(493)
Cash flows from financing activities			
Interest paid		(9)	(38)
Repayments of amounts borrowed	21	(107)	(75)
		(116)	(113)
(Decrease)/Increase in cash and cash equivalents in the year		3,753	(52)
Cash and cash equivalents at beginning of the year	21	2,638	2,690
Cash and cash equivalents at end of the year	21	6,391	2,638

The accompanying notes on pages 43 to 73 form part of the financial statements

Notes to the Financial Statements for the year ended 31 July 2023

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 2022 to 2023*, 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.

Basis of consolidation

The consolidated financial statements include IEG and its subsidiaries, 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 2023.

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 2023

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 2026. 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 principal 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 2022/23 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 2023

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 2023

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, the effect of the asset ceiling and the return on scheme assets (excluding amounts include in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

The LGPS assets are managed by the scheme trustees at scheme level, and the determination / allocation of assets to each individual employer in the scheme is managed by the scheme actuary. The assets are allocated to each employer for accounting purposes based on the valuation of the assets at the latest triennial valuation as adjusted for subsequent contributions received from the employer, asset returns and benefit payments made (either on a cash basis or actuarial basis).

The retirement benefit obligation recognised represents the deficit or surplus of the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short term employment benefits

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

Enhanced pensions

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

Fixed asset investments

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

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

Notes to the Financial Statements for the year ended 31 July 2023

1. Accounting policies continued.

Tangible fixed assets

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

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 £2,000 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 2023

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 31st 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 2023

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 2023

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

Determining the existence of a minimum funding requirement for the Local Government Pension Scheme to be included in the asset ceiling in measuring and recognising a surplus in the scheme. This judgement is based on an assessment of the nature of the scheme as a statutory scheme and its inherent implied continuance as well as the operation of the primary and secondary contributions.

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,

Notes to the Financial Statements for the year ended 31 July 2023

1. Accounting policies continued.

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.

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 2023. 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.

Leases

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

Notes to the Accounts (continued)

2 Funding body grants

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency – 16 -18	25,569	25,569	23,285	23,285
Education and Skills Funding Agency - Adult	1,527	1,527	2,178	2,091
Cambridge & Peterborough Combined Authority -	2,745	2,745	2,555	2,555
Office for Students - Higher Education	444	-	480	-
Education and Skills Funding Agency - Apprenticeships	3,201	3,201	3,499	3,009
Specific Grants				
Teachers Pension Contribution Grant	839	839	699	699
Releases of Government Capital Grants	651	630	612	591
High Needs Level 2 Funding	2,136	2,136	2,039	2,039
Education and Skills Funding Agency - <i>Maths Centre of Excellence, 16-19 Tuition Fund, T Levels & CDF</i>	1,150	1,150	1,238	1,238
Total	38,262	37,797	36,585	35,507

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult Education Fees	635	635	766	690
Apprenticeship Fees and Contracts	93	93	70	64
Fees for FE Loan Supported Courses	322	322	486	486
Fees for HE Loan Supported Courses	5,050	324	5,014	-
Total Tuition Fees	6,100	1,374	6,336	1,240
Education Contracts	2,300	2,300	1,898	1,898
Total	8,400	3,674	8,234	3,138

4 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Erasmus	-	-	18	18
Total	-	-	18	18

Notes to the Accounts (continued)

5 Other income

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
Catering	814	814	669	669
Other income generating activities	714	714	606	606
Transport	868	868	815	815
Miscellaneous income	381	3,095	299	3,036
Total	2,777	5,491	2,389	5,126

6 Investment income

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
Other interest receivable	215	189	16	29
Total	215	189	16	29

7 Donations - Group and College

	Year ended 31 July	
	2023 £'000	2022 £'000
Donated Assets - DFE	-	36
Donated Assets - Other	6,615	39
Total	6,615	75

The 2023 donated asset relates to the UCP building donated by Anglia Ruskin University. Savills completed this valuation in August 2023 with the basis on the depreciated replacement cost value.

Notes to the Accounts (continued)

8 Staff costs - Group and College

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

	Group	College	Group	College
	2023	2023	2022	2022
	No.	No.	No.	No.
Teaching staff	673	623	635	627
Non teaching staff	356	342	345	333
	1,029	965	980	960

Staff costs for the above

	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Wages and salaries	22,188	21,385	19,495	19,123
Social security costs	2,056	1,980	1,742	1,721
Other pension costs	5,077	5,093	7,394	7,387
Apprenticeship Levy	82	82	65	63
Payroll sub total	29,403	28,540	28,696	28,294
Contracted out staffing services	3,458	4,440	3,815	3,802
	32,861	32,980	32,511	32,096
Restructuring Costs				
Contractual	16	16	18	18
Non Contractual	73	73	-	-
	32,950	33,069	32,529	32,114

Severance Payments

The IEG Group paid 6 severance payments in the year disclosed in the following bands

£0 - £25,000	5
£25,001 - £50,000	-
£50,001 - £100,000	1
£100,001 - £150,000	-
£150,000 +	-

Notes to the Accounts (continued)

8 Staff costs - Group and College continued

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Senior Leadership Team which normally comprises of four posts. During 2022-23 there were three posts in total across most of the year, increasing to four on the 2nd May 2023. The CEO, Chief Financial Officer & Executive Director Business Development were in post for the whole year and the Chief Operating Officer joining at the later date.

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

	2023	2022
	No.	No.
The number of key management personnel including the Principal & Chief Executive was:	4	4

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:

	2023	2022
	No.	No.
£60,001 to £65,000	1	-
£65,001 to £70,000	-	1
£70,001 to £75,000	-	1
£75,001 to £80,000	1	1
£80,001 to £85,000	1	2
£85,001 to £90,000	2	-
£105,001 to £110,000	-	1
£110,001 to £115,000	2	-
£145,001 to £150,000	-	2
£165,001 to £170,000	1	-
	8	8

Notes to the Accounts (continued)

8 Staff costs - Group and College continued

Key management personnel compensation is made up as follows:

	2023 £'000	2022 £'000
Salaries	387	488
Employers National Insurance contributions	46	65
Benefits in kind	4	4
Pension contributions paid	80	112
Total emoluments	517	669

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

The above compensation includes amounts payable to the Principal & Chief Executive who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2023 £'000	2022 £'000
Salaries	167	143
Benefits in kind	1	1
Pension Contributions	37	27
Total	205	171

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 of IEG, are subject to annual review by the Remuneration Committee of the governing body who use benchmarking information from the college senior pay survey 2021 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 against the group's overall objectives, using both qualitative and quantitative measure of performance.

Notes to the Accounts (continued)

8 Staff costs - Group and College continued

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

	2023	2022
CEO's basic salary as a multiple of the median of all staff	5.40	5.71
CEO's total remuneration as a multiple of the median of all staff	5.84	6.03

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.

Governor's remuneration

The Accounting Officer and the staff member only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Corporation did not receive any payments from the college in respect of their roles as governors. Total reimbursement of expenses for SLT came to the value of £1,965 with one Governor in period reimbursed for expenses totalling £233

Notes to the Accounts (continued)

9 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	6,572	5,672	6,705	5,752
Non teaching costs	5,968	4,441	6,110	4,080
Premises costs	2,995	2,839	2,029	1,842
Total	15,535	12,952	14,844	11,674

Other operating expenses include:

	2023	2022
	£'000	£'000
Auditors' remuneration:		
Fees payable to RSM UK LLP in respect of:		
Audit of College & Group	70	62
Audit of Subsidiaries	13	15
Other Assurance Services	5	4
Internal audit	32	28
Debtor Write Off Approved by Board	52	-
Hire of assets under operating leases	175	180

Total write off and losses in the year totalled £67,538. All amounts that exceed £5,000 that have been written off subject to Board approval are detailed below

Reason for Write off	£
Further debt recovery ceased due to loss of data in the Mar 22 cyber attack	7,280
External debt recovery exhausted all avenues for recovery	11,275
External debt recovery exhausted all avenues for recovery	6,120
Declared Bankrupt	5,193
External debt recovery exhausted all avenues for recovery	22,553
	<u>52,421</u>

Notes to the Accounts (continued)

10 Interest payable - Group and College	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
On bank loans, overdrafts and other loans:	9	9	40	40
	<u>9</u>	<u>9</u>	<u>40</u>	<u>40</u>
Net interest on enhanced Pension Provision	25	25	-	-
Net interest on defined pension liability (note 24)	13	13	463	463
	<u>13</u>	<u>13</u>	<u>463</u>	<u>463</u>
Total	<u>47</u>	<u>47</u>	<u>503</u>	<u>503</u>

11 Taxation - Group only

	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
UK Corporation Tax	-	-	(4)	-
	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>-</u>

Notes to the Accounts (continued)

12 Intangible fixed assets (Group)

	Goodwill	Software	Total
	£'000	£'000	£'000
Cost			
At 1 August 2022	402	317	719
Additions	-	32	32
At 31st July 2023	402	349	751
Amortisations			
At 1 August 2022	402	179	581
Charge for the year	-	42	42
At 31st July 2023	402	221	623
Net book value at 31st July 2023	-	128	128
Net book value at 31st July 2022	-	138	138

12 Intangible fixed assets (College)

	Goodwill	Software	Total
	£'000	£'000	£'000
Cost			
At 1 August 2022	-	317	317
Additions	-	32	32
At 31st July 2023	-	349	349
Amortisations			
At 1 August 2022	-	179	179
Charge for the year	-	42	42
At 31st July 2023	-	221	221
Net bookvalue at 31st July 2023	-	128	128
Net book value at 31st July 2022	-	138	138

Notes to the Accounts (continued)

13 Tangible fixed assets (Group)

	Land and Buildings		Equipment	Assets in the Course of Construction	Total
	Freehold	Long Leasehold			
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2022	54,946	639	10,259	3,810	69,654
Transfers	3,031	-	522	(3,553)	-
Additions	7,475	-	856	2,264	10,595
Disposals	-	-	(9)	-	(9)
Reclassification of Asset to the I&E	-	-	(96)	-	(96)
At 31 July 2023	65,452	639	11,532	2,521	80,144
Depreciation					
At 1 August 2022	21,147	639	6,099	-	27,885
Charge for the year	1,361	-	1,284	-	2,645
Elimination in respect of disposals	-	-	(3)	-	(3)
At 31 July 2023	22,508	639	7,380	-	30,527
Net book value at 31 July 2023	42,944	-	4,152	2,521	49,617
Net book value at 31 July 2022	33,799	-	4,160	3,810	41,769

13 Tangible fixed assets (College)

	Land and Buildings		Equipment	Assets in the Course of Construction	Total
	Freehold	Long Leasehold			
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2022	54,868	639	10,092	3,810	69,409
Transfers	3,031	-	522	(3,553)	-
Additions	7,475	-	816	2,264	10,555
Disposals	-	-	(9)	-	(9)
Reclassification of Asset to the I&E	-	-	(96)	-	(96)
At 31 July 2023	65,374	639	11,325	2,521	79,859
Depreciation					
At 1 August 2022	21,071	639	6,020	-	27,730
Charge for the year	1,361	-	1,266	-	2,627
Elimination in respect of disposals	-	-	(3)	-	(3)
At 31 July 2023	22,432	639	7,283	-	30,354
Net book value at 31 July 2023	42,942	-	4,042	2,521	49,505
Net book value at 31 July 2022	33,797	-	4,072	3,810	41,679

Notes to the Accounts (continued)

14 Fixed Asset Investments - college

	College 2023 £'000	College 2022 £'000
Investments in subsidiary companies	-	-
Total	-	-

The College owned 100 per cent of the issued ordinary £1 shares in Anglia Professional Training Limited, a company incorporated in England and Wales. The principal business activity of Anglia Professional Training Limited was the provision of training and education. On the 31st July 2023 the activities of this company were 'hived up' into IEG and the subsidiary company ceased to trade.

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.

15 Trade and other receivables

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Amounts falling due within one year:				
Trade receivables	1,152	1,045	831	748
Amounts owed by group undertakings:	-	2,521	-	6,837
Prepayments and accrued income	1,844	1,805	1,488	1,449
Other debtors	2	-	39	-
Total	2,998	5,371	2,358	9,034

16 Current investments

	Group 2022 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Short term deposits	1,904	1,904	1,875	1,875
Total	1,904	1,904	1,875	1,875

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 Accounts (continued)

17 Creditors: amounts falling due within one year

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	555	555	92	92
Trade payables	1,868	1,668	1,934	1,507
Amounts owed to subsidiary undertakings	-	156	-	141
Other taxation and social security	977	907	511	481
Accruals and deferred income	1,934	1,569	2,933	2,535
Deferred income - government capital grants	609	586	642	545
Other creditors	1,761	1,620	1,857	1,730
Total	<u>7,704</u>	<u>7,061</u>	<u>7,969</u>	<u>7,031</u>

18 Creditors: amounts falling due after one year

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Bank loans	-	-	570	570
Deferred income - government capital grants	15,041	14,924	11,978	11,932
Total	<u>15,041</u>	<u>14,924</u>	<u>12,548</u>	<u>12,502</u>

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%

19 Maturity of debt

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group	College	Group	College
	2022	2023	2022	2022
	£'000	£'000	£'000	£'000
In one year or less	555	555	92	92
Between one and two years	-	-	570	570
Total	<u>555</u>	<u>555</u>	<u>662</u>	<u>662</u>

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 Accounts (continued)

20 Provisions

	Group and College		
	Defined benefit Obligations £'000	Enhanced pensions £'000	Total £'000
	At 1 August 2022	15	761
Utilised in the year	(2,061)	(167)	(2,228)
Additional provision in the year	2,046	-	2,046
At 31 July 2023	-	594	594

The enhanced pension provision relates to the cost of staff that have already left the College's employment 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:

	2023	2022
Price inflation	2.80%	2.90%
Discount Rate	5.00%	3.30%

21 Analysis of changes in net debt

Group	At 1 August 2022 £'000	Cash flows £'000	Other changes £'000	At 31 July 2023 £'000
Cash and cash equivalents	10,381	(775)	-	9,607
	10,381	(775)	-	9,607
Bank Loan: Due within 1 year	(92)	107	(570)	(555)
Bank Loan: Due after 1 year	(570)		570	-
Investments	1,875	29	-	1,904
Total net funds	11,594	(639)	-	10,956
College	At 1 August 2022 £'000	Cash flows £'000	Other changes £'000	At 31 July 2023 £'000
Cash and cash equivalents	2,638	3,753	-	6,392
	2,638	3,753	-	6,392
Bank Loan: Due within 1 year	(92)	107	(570)	(555)
Bank Loan: Due after 1 year	(570)		570	-
Investments	1,875	29	-	1,904
Total net funds	3,851	3,889	-	7,741

Notes to the Accounts (continued)

22 Capital commitments

	Group and College	
	2023 £'000	2022 £'000
Commitments contracted for at 31 July 2023	165	298

23 Lease Obligations

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

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Future minimum lease payments due				
Not later than one year	175	175	41	41
Later than one year and not later than five years	506	506	61	61
later than five years	935	935	924	924
	<u>1,616</u>	<u>1,616</u>	<u>1,026</u>	<u>1,026</u>

24 Contingent liabilities

There are currently no contingent liabilities

25 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

Total pension cost for the year	2023 £'000	2022 £'000
Teachers Pension Scheme: contributions paid	2,364	2,163
Local Government Pension Scheme:		
Contributions paid	2,061	1,860
FRS102 (28) charge	<u>689</u>	<u>3,364</u>
Charge to the Statement of Comprehensive Income	2,750	5,224
Other defined contribution Pension Schemes	-	7
Total Pension Cost for Year	<u>5,114</u>	<u>7,394</u>

Notes to the Accounts (continued)

25 Defined benefit obligations (continued)

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2020 and of the LGPS 31 March 2022.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation was carried out as at 31 March 2020 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2023 and the Employer Contribution Rate was assessed using agreed assumptions in line with the Directions and was accepted at the original assessed rate as there was no cost control mechanism breach.

The valuation report was published on 26 October 2023. The key results of the valuation are:

- Total scheme liabilities for service (the capital sum needed at 31 March 2020 to meet the stream of future cash flows in respect of benefits earned) of £262 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £222 billion
- Notional past service deficit of £39.8 billion (2016 £22 billion)
- Discount rate is 1.7% in excess of CPI (2016 2.4% in excess of CPI (this change has had the greatest financial significance))

Notes to the Accounts (continued)

25 Defined benefit obligations (continued)

As a result of the valuation, new employer contribution rates have been set at 28.6% of pensionable pay from 1 April 2024 until 31 March 2027 (compared to 23.68% under the previous valuation including a 0.08% administration levy). DfE agreed to pay a Teachers Pensions employer contribution grant to cover the additional costs during the 2021-22 academic year, and currently through to July 2024. The pension costs paid to TPS in the year amounted to £2.364M (2022: £2,163M).

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 2023 were £2,633K, of which employer's contributions totalled £2,061K and employees' contributions totalled £572K. 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 2023 updated to 31 July 2023 by Hymans.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2023 by a qualified independent actuary

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	3.49%	3.20%
Future pensions increases	3.00%	2.70%
Discount rate for scheme liabilities	5.05%	3.50%
Inflation assumption (CPI)	3.00%	2.70%
Commutation of pensions to lump sums	25%	25%

Notes to the Accounts (continued)

25 Defined benefit obligations continued

The assumed life expectations on retirement age 65 are:

	At 31 July 2023 years	At 31 July 2022 years
<i>Retiring today</i>		
Males	20.50	22.00
Females	24.10	24.20
<i>Retiring in 20 years</i>		
Males	21.10	22.90
Females	25.40	26.00

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

		Fair Value at 31 July 2023 £'000		Fair Value at 31 July 2022 £'000
Equities	65%	42,611	70%	43,808
Bonds	20%	13,111	13%	8,136
Property	14%	9,178	16%	10,013
Cash	1%	656	1%	626
Total market value of assets		<u>65,556</u>		<u>62,583</u>
Actual return on plan		<u>1,857</u>		<u>1,766</u>

Notes to the Accounts (continued)

25 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	2023 £'000	2022 £'000
Fair value of plan assets	65,556	62,583
Present value of plan liabilities	(52,181)	(62,559)
Present value of unfunded liabilities	(34)	(39)
Asset Ceiling Adjustment	(13,341)	-
Net pensions (liability)	-	(15)

The value of the college's share of net assets has been restricted due to the effect of the asset ceiling being at the maximum value of the present of the economic benefits available in the form of the unconditional right to reduced contributions from the plan. A corresponding charge has been made to other comprehensive income in the period

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

	2023 £'000	2022 £'000
Amounts included in staff costs		
Current service cost	(2,750)	(5,224)
Total	(2,750)	(5,224)
Amounts included in expenditure - Interest and other financing costs		
Net interest expenditure	13	463
	13	463
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	(351)	803
Experience losses arising on defined benefit obligations	-	(213)
Asset Ceiling Adjustment	(13,341)	-
Changes in assumptions underlying the present value of plan liabilities	14,406	30,479
Amount recognised in Other Comprehensive Income	714	31,069

Notes to the Accounts (continued)

25 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Asset and Liability Reconciliation

	2023	2022
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	62,598	86,947
Current Service cost	2,750	5,224
Interest cost	2,221	1,426
Contributions by Scheme participants	572	522
Experience gains and losses on defined benefit	-	213
Changes in financial assumptions	(14,406)	(30,479)
Estimated benefits paid	(1,520)	(1,255)
Defined benefit obligations at end of period	<u>52,215</u>	<u>62,598</u>
Changes in fair value of plan assets		
Fair value of plan assets at start of period	62,583	59,690
Interest on plan assets	2,208	963
Return on plan assets	(351)	803
Employer contributions	2,061	1,857
Contributions by Scheme participants	572	522
Estimated benefits paid	(1,517)	(1,252)
Fair value of plan assets at end of period	<u>65,556</u>	<u>62,583</u>

Notes to the Accounts (continued)

26 Related party transactions

Due to the nature of the College's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the college's financial regulations and normal procurement procedures.

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 2023.

Name & Nature of interest	Organisation/Company and nature of relationship with IEG
Ian Jackson (IEG Chair until the 4th July 23 and Allison Homes Director)	Allison Homes (formerly Larkfleet Homes) - provision of Apprenticeships by IEG Sponsor of Stamford Construction Centre
David Pennell (IEG Vice Chair until 4th July 23 in which then appointed as IEG Chair & CEO Burghley House Preservation Trust)	Burghley House Preservation Trust - Landlord of Borderville Sports Centre Borderville Management Ltd Director QRS
Rachel Nicholls (CEO & UCP Council Member)	Director UCP Chair of Peterborough Citizens (unremunerated) Wife employed by IEG as teacher Director QRS
Louise Perry (IEG CFO and Director of Subsidiaries)	Director QRS Director UCP Trustee of Inspire Education Group Educational Trust
Marco Cereste (IEG Governor & PCC Councillor)	Cabinet Member, Peterborough City Council
Martin Ballard (IEG Governor)	Wife Head of Humanities at Stamford Welland Academy
Les Ebdon (IEG Governor & Chair of UCP Council)	University Centre Peterborough Chair of Council Open University Honorary Duniv
Tony Keeling (IEG Governor)	Royal Air Force – current role Commandant RAF Air Cadets Trustee – RAF Aircraft Engineering Apprentice Trust (formerly RAF Halton Apprentice Trust)
Mark Woods (UCP Governor)	CEO of the Meridan Trust which includes business relationships with Greater Peterborough UTC and Thomas Deacon Academy
Vincent Brittain (IEG Governor & Inspire+ CEO)	Inspire+ is an IEG Subcontract partner

Notes to the Accounts (continued)

26 Related party transactions (continued)

The following transactions have taken place during the Financial Year ending 31st July 2023 between IEG and organisations in which there is a related party interest.

	2023	2022	2023	2022
	Expenditure	Expenditure	Income	Income
	£'000	£'000	£'000	£'000
QRS	4,220	3,727	4,220	-
UCP	192	-	2,727	2,725
Burghley House Preservation	15	14	1	-
Inspire+	571	373	1	1
Peterborough City Council	109	165	1,313	1,344
Greater Peterborough UTC	-	-	1	-
Thomas Deacon Academy	-	-	12	-
	Amounts	Amounts	Amounts	Amounts
	Owing at 31	Owing at 31	Owed at 31	Owed at 31
	July 2023	July 2022	July 2023	July 2022
	£'000	£'000	£'000	£'000
QRS	156	141	0	-
UCP	-	-	2,521	6,847
Inspire+	32	181	-	-
Peterborough City Council	91	77	91	171
Thomas Deacon Academy	-	-	4	-

27 Amounts disbursed as agent

Learner support funds (Group and College)	2023	2022
	£'000	£'000
Opening Balance of unspent funds	825	455
16 - 18 bursary grants	1,422	1,252
Other funding body grants	10	16
	<u>2,257</u>	<u>1,723</u>
Disbursed to students	(1,060)	(855)
Administration costs	(52)	(43)
Balance unspent as at 31 July, included in creditors	<u>1,145</u>	<u>825</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 Accounts (continued)

28 Events after the reporting period

IEG entered into a ten year loan agreement for £5.5M with the Department for Education on 01 November 2023 to help with the funding of the planned Centre for Green Technology. IEG also contracted with Cleggs for the construction of the Centre for Green Technology building, with an initial cost plan of 11.4M. The building works

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 2022 to 31 July 2023 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 2022 to 31 July 2023 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 have complied with the independence and other ethical requirements of the FRC’s Ethical Standard and the ethical pronouncements of the ICAEW. We also apply International Standard on Quality Management (UK) 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintain comprehensive systems of continuing quality management.

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 2022 to 31 July 2023 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.

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