

**Inspire Education Group  
(previously Peterborough  
Regional College)  
Financial Statements  
for the year ended  
31 July 2020**

## **COLLEGE INFORMATION**

### College address

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

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

#### **Board of Governors**

Ian Jackson (Chair)  
Rod Allerton  
Marco Cereste  
Alan Crawford Resigned 27/09/2019  
Dean Duffield Appointed 21/11/2019  
Professor Sir Les Ebdon  
Mark Haydon  
Mark Jackson  
Mary Kiernan  
Lee Kilby  
Angie Morris Appointed 21/11/2019  
Michael Rabbett  
Brian Redshaw Resigned 27/09/2019  
Nicola Shawe Resigned 27/09/2019  
Simon Smith Appointed 21/11/2019  
Kelly Swingler Appointed 21/11/2019  
Gabe Manthorp (Staff) Appointed 21/11/2019  
Roy Bird (Staff) Resigned 8/12/2019  
Tony Warner (Staff)  
Lionel Muskwe (Student)  
Artur Vysocil – (Student)

J Ulyatt acted as Clerk to the Corporation from August to December 2019  
Mr R Devereux acted as Clerk to the Corporation from January 2020 to July 2020

## **Key management personnel**

Key management personnel are defined as members of the College Executive Team and were represented by the following in 2019-20:

**Acting Principal:** Rachel Nicholls

**Vice Principal Corporate Services:** Peter Walker

**Acting Vice Principal Curriculum and Quality:** Angela O'Reilly

**Managing Director Business Services:** Greg Hanrahan

Rachel Nicholls was appointed as Acting Principal in December 2018 under a secondment agreement with New College Stamford until the date of the merger, and Greg Hanrahan left on 31<sup>st</sup> December 2019.

## **Professional advisers**

Financial Statement Auditor RSM UK Audit LLP, Abbotsgate House, Hollow Road, Bury St. Edmunds, Suffolk, IP32 7FA

Internal Auditor Haines Watts, 30 Camp Road, Farnborough, Hants, GU14 6EW

Bankers Natwest, Cathedral Square, Peterborough, PE1 1XL

Legal Services Eversheds Sutherland LLP, 115 Colmore Row, Birmingham, B3 3AL

## **Members' Report**

### **Nature, Objectives and Strategies**

The members present their report and the audited financial statements for the year ended 31 July 2020.

### **Legal status**

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Inspire Education Group (IEG) (previously Peterborough Regional College). The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

### **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

Strategic Objectives:

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

### **Public Benefit**

Inspire Education Group (previously Peterborough Regional College) 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 College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. 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.

The 'Getting to Good' strategy which was launched in February 2019 is pivotal to the improvement journey. This sets clear targets and expected behaviours and also clearly identifies 5 steps to success:

- Recruiting – right learner, right course
- Settling – our students during the first 6 weeks
- Supporting – students to succeed
- Delivering – high-quality student-centred learning
- Progressing – students to be ready for their next step

## Members' Report continued

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 College has had to align its operations accordingly and to pre-empt further funding cuts through a continued focus on business efficiency. At the same time, it has been imperative to maintain quality standards against a backdrop of new national performance measures and extensive curriculum reform.

The most significant challenge during the year was continuing operations against the backdrop of a global pandemic. Planning how to continue delivery started as early as January, creating a major health scare plan, which resulted in being able to switch classroom teaching to online within a week, when the national lockdown was announced. The college re-opened in a managed way from June, to enable students who required the completion of practical assessments to complete their awards, to return to college. The Covid 19 pandemic shaped the delivery and performance of the college for the latter part of the academic year.

From August 2019 the college received most of the Adult Education Budget from Cambridge and Peterborough Combined Authority, the college has built a collaborative relationship with the authority, and will be required to ensure effective outcomes. The delivery of adult education was impacted by the college closure in year.

### Getting to Good

In December 2018 the college adopted a strategy of "Getting to Good";

1. Recruitment
  - Recruit with integrity and care ensuring that open days, taster activities and interview processes are welcoming, informative and inclusive.
  - Guiding and supporting every applicant to meet their expectations and career aspirations.
  - Plan enrolment and induction dates well in advance so applicants are informed promptly.
  - Maximise conversion of applicants by going the extra mile and seeing students as customers.
2. Settling
  - Hold an effective programme induction which is fun informative and a productive experience.
  - Ensure students support needs are assessed, met and understood by all delivery staff.
  - Ensure students are aware of college expectations and standards in regards to attendance, punctuality and behaviours.
  - Identify each student's starting point, set and share attainable but stretching individual targets and use Pro-Monitor/Mark-Book to record and track progress.
  - Use the 'transfer window' in weeks 1-6 when early assessment shows that a student is on the wrong programme.

## Members' Report continued

### 3. Supporting

- Ensure there are effective reviews and targets set which stretch and challenge students.
- Ensure there is a focus on work readiness and employability on all programmes and that all students have a clear line of sight to employment and/or education.
- Effective safeguarding and welfare support is prompt, accessible and robust.
- Delivery staff have regular contact with parents, guardians and/or carers to discuss progress and next steps.
- Use PULSE process to support students to achieve their best possible outcome.

### 4. Delivering

- Learning is well planned and student centred.
- Lesson and learning environments are interesting, motivational and inspirational, and e-learning is well used.
- Assessment is effective and efficient with constructive development feedback which stretches students.
- Continue to embed the development of English and maths so that all students develop their skills.
- Competitions, work experience, guest speakers and work-related study is used to engage and motivate students.
- Target setting is used to stretch and challenge students which encourages ownership of their learning.
- Plan, deliver and evaluate engaging, challenging and fully inclusive sessions.

### 5. Progressing

- A student's next step is the focus from day one.
- Support students to be aspirational about their next steps in their future career.
- Ensure a range of activities and experiences are planned so that students are aware of all of their options.
- Use Student Voice, enrichment and enhancement activities to make the college even more enjoyable for students.

## **Members' Report continued**

### **Financial objectives**

The College's financial objectives are:

- to generate sufficient levels of income to support the asset base of the College;
- to pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the College's overall finances; and
- to fund continued capital investment.

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

### **Financial results**

The Group generated a surplus on continuing activities of £0.305m (2018/19 surplus of £0.6m) after depreciation of assets at valuation and before tax and exceptional items, but before the FRS 102 adjustment to include a significant increase in pension scheme liabilities in year.

The Group has accumulated reserves of £4.157m and cash and cash equivalent investment balances of £7.143m.

The Group invested £1.426m in capital expenditure, this was split between land and buildings acquired of £0.632m and equipment purchased of £0.794m.

The Group has significant reliance on the ESFA and CPCA for its principal funding source, largely from recurrent grants. In 2019/20 the ESFA/CPCA provided 72.4% 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 2019-20 is Outstanding financial health.

The College had four subsidiary companies during the year, Anglia Professional Training Ltd, PRC Ventures, Construction Training Specialists Ltd, and with University Centre Peterborough (UCP).

Both PRC Ventures and Construction Training Specialists Ltd ceased trading during 2019/20 and 2018/19 respectively, and are in the process of being wound up. The activities of PRC Ventures are now being undertaken within IEG. UCP began the year as a joint venture with Anglia Ruskin University, when this agreement terminated UCP became a wholly owned subsidiary of IEG.

### **Treasury policies and objectives**

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of

## Members' Report continued

the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place. Short term borrowing for temporary revenue purposes is authorised by the Principal. Such arrangements are restricted by limits in the Grant Funding Agreement with the ESFA. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Grant Funding Agreement with the ESFA.

### Cash flows

The operating cash flow for the year was £3.3m.

### Liquidity

The College currently has significant cash reserves and had an outstanding loan balance of £0.819m at the year end.

### Merger with New College Stamford

IEG progressed plans to merge with New College Stamford at 12.01 on 1<sup>st</sup> August 2020 in a 'Type B' merger. This results in all assets, liabilities, staff and students transferring into IEG, and the group being simultaneously renamed as Inspire Education Group (IEG). Further details are given throughout this document.

## CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

### Student numbers

The College enrolled 2,603 students aged 16-19 and 4,642 students in total.

### Student achievements

Because of the Covid pandemic, and the national lockdown, student achievements for 2019/20 eventually became on the whole centre assessed grades, with the grading issues widely publicised in the media. For vocational qualification there were differing approaches from awarding bodies, some of whom issued assessment guidance as late as July 2020.

The data table below shows overall retention, pass and achievement rates for 2019/20.

All Ages	2019/20			2018/19			2017/18		
	PRC	Provider Group	National Average	PRC	Provider Group	National Average	PRC	Provider Group	National Average
Leavers	8732			9846			9134		
Retention %	92	92.9	91.6	89.4	92.9	91.6	89.3	92.8	91.5
Pass %	87.2	93.3	93.9	90.6	93.3	93.9	84.8	92.6	93.1
Achievement %	80.2	86.7		81.1	86.7	86	75.7	85.9	85.2



## **Members' Report continued**

### **Curriculum developments**

The College has reviewed its curriculum offer to meet Government and funding agency priorities, including improving the skills of workers in the key areas of health, care, construction, manufacturing, leadership and management, and IT sectors.

Specifically, our focus is:

- 16 – 18 full and part-time learners;
- Skills for Life (16 – 18 and 19+ Adult);
- Adult Level 2 and 3 entitlement programmes;
- To target NEET learners (Not in Education, Employment or Training);
- 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 our partnership with Anglia Ruskin University). 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 College has continued to build effective links with local schools. We have developed strong links with other agencies in order to market our programmes directly to the NEET group and to gain access to employers of those young people who fall into the NEET group (Not in Education or Training).

Through University Centre Peterborough, a joint venture between the College and Anglia Ruskin University until 6<sup>th</sup> June 2020 and thereafter 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).

### **Performance Indicators**

The college provides a dashboard of Key Performance Indicators for Governor scrutiny which include student attendance, retention and achievement. These are benchmarked against national averages and targets are agreed annually with the Corporation. The dashboard also covers financial, staffing and health and safety performance.

## **Members' Report continued**

### **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, 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 2019 to 31 July 2020, the College paid 79% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

### **Post-balance sheet events**

As a result of merger Peterborough Region College absorbed the assets, liabilities and operations as an ongoing business of New College Stamford (NCS) on 1<sup>st</sup> August 2020 and at the same time changed the college name to Inspire Education Group.

### **Going Concern**

The financial position at the balance sheet date was such that the college believes it had sufficient resources to continue to meet the liabilities of the continued operations of Inspire Education Group (formerly PRC). This assessment has been made by the Corporation having reviewed the current and future year forecast to July 2022. This forecast includes the assets, liabilities and ongoing operations transferred into the organisation on merger on 1<sup>st</sup> August 2020. This review has significantly reduced some funding streams, such as apprenticeships. But assumes that generally the college group will return to normal operational activities for most or all of 2021/22. All figures consider the risks posed by the ongoing pandemic and all other principal risks and uncertainties identified.

## **RESOURCES**

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

### **Financial**

The Group has £4.157m of net assets (including £17.2m pension liability) and £0.8m long term debt.

### **People**

The College employs 809 people (2018/19 929 or 547 FTE), of whom 582 (2018/19 698 or 264 FTE) are teaching staff.

### **Reputation**

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

## **Members' Report continued**

### **PRINCIPAL RISKS AND UNCERTAINTIES**

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

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. 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 College.

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

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

The principal risk factors that may affect the College relate to the Government funding recruitment, retention and achievement rates of learners. Other factors besides those listed below may also adversely affect the College. Not all the factors are within the College's control, and the risk to the college of the Covid pandemic has impacted on the strategic risks during 2019/20 in an unprecedented way, impacting on all of the risks below.

#### **Government funding**

The College relies upon continued government funding through the further education sector funding bodies. The majority of the College's revenue was ultimately public funded. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. This in particular relates to Adult Education Budget in 2019-20, which could not be earned as normal because of the Covid 19 lockdown.

This risk is mitigated in a number of ways:

- The College is seeking new funding sources in order to diversify income.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Ensuring, where possible in 2019/20, quality delivery of funded programmes

## **Members' Report continued**

### **Not achieving planned learner volumes causing financial destabilisation**

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

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

### **Retention**

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

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

### **Achievement rates**

Achievement rates were significantly impacted during 2019/20 as a result of the Covid 19 lockdown, and the lack of external assessment and exams for students. However, the college remains committed to improving achievements and ensuring students are ready for their next step, and continue to focus on this risk.

This risk is mitigated in a number of ways:

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

## **Members' Report continued**

### **Stakeholder Relationships**

In line with other colleges and universities, Inspire Education Group (previously Peterborough Regional College) has many stakeholders. These include:

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

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

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

The College 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 College's Equal Opportunities Policy, including its Race Relations and Transgender Policies, is published on the College's internet site.

The College 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 College achieved recognition up to 2022.

The College 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 College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. An equalities plan is published each year and monitored by managers and governors.

## **Members' Report continued**

### ***Disability statement***

The College 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 College 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 College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy;
- The College 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 College prospectuses, and achievements and destinations are recorded and published in the standard College format; and
- Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

### **Trade Union Facility Time**

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

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

The Members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College'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 College's auditors are aware of that information.

**Approved by order of the members of the Corporation on 2<sup>nd</sup> February 2021 and signed on its behalf by:**



Mr I Jackson  
Chairman

## Corporate Governance Statement

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure.

The College 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 insofar as it is applicable to the further education sector.

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

In the opinion of the governors, the College complies with all the provisions of the Code and it has complied throughout the year ended 31 July 2020. 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.

The College 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.

## Corporate Governance Statement continued

### Corporation

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

Name	Membership Category	Date Appointed/ Reappointed	Term Expires	Committees Served	Total Attendance	Possible Attendance	Percentage
Rachel Nicholls	Principal	Ex-officio		All	26	27	96%
Ian Jackson - Chair	External	5th April 2017	4th April 2021	Finance & General Purposes, Remuneration, Governance & Search,	13	14	93%
Rod Allerton	External	19th July 2016	18th July 2020	Finance & General Purposes	11	12	92%
Marco Cereste	External	8th June 2017	7th June 2021		5	8	63%
Alan Crawford	External	13th Nov 2017	resigned 27th Sept 2019	Audit	1	1	100%
Professor Sir Les Ebdon	External	20th Dec 2018	19th Dec 2022	UCP Shadow Council/Full Council	12	13	92%
Mark Haydon	External	5th April 2017	4th April 2021	Audit	11	12	92%
Mary Kiernan	External	27th Feb 2018	26th Feb 2022	Curriculum & Quality, Governance & Search, UCP Shadow Council/Full Council	15	18	83%
Michael Rabbett	External	4th Feb 2019	3rd Feb 2023	Finance & General Purposes	6	12	50%
Brian Redshaw	External	14th July 2016	Resigned 31st July 2020	Curriculum & Quality, Finance & General Purposes, Governance & Search,	17	18	94%
Nicola Shawe	External	14th July 2016	Resigned 31st July 2020	Finance & General Purposes until 25 Nov moved to Audit	7	12	58%
Mark Jackson	External	18th Oct 2016	17th Oct 2020	Audit	4	4	100%
Lee Kilby	External	13th Nov 2017	12th Nov 2021	Audit	4	4	100%
Kelly Swingler	External	17th Oct 2019	Resigned 14th Jan 2021	Finance & General Purposes	6	11	55%
Angie Morris	External	17th Oct 2019	16th Oct 2022	Curriculum & Quality	9	13	69%
Dean Duffield	External	17th Oct 2019	16th Oct 2022	Audit	10	11	91%
Simon Smith	External	17th Oct 2019	16th Oct 2022	Finance & General Purposes	8	11	73%
Lionel Muskwe	Student	17th Oct 2019	31st Jul 2020	Curriculum & Quality	11	12	92%
Artur Vysocij	Student	17th Oct 2019	31st Jul 2020	Curriculum & Quality	4	12	33%
Roy Bird	Staff	27th Feb 2018	resigned 8th Dec 2019	Curriculum and Quality, Finance & General Purposes	8	8	100%
Gabe Manthorp	Staff	21st Nov 2019	8th Dec 2022	Curriculum & Quality	7	10	70%
Tony Warner - Staff	Staff	27th Feb 2018	26th Feb 2022	Curriculum and Quality	12	12	100%



## **Corporate Governance Statement continued**

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

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

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

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

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

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

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

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

### **Appointments to the Corporation**

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

## **Corporate Governance Statement continued**

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

### **Remuneration Committee**

The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post holders. Details of remuneration for the year ended 31 July 2020 are set out in note 9 to the financial statements.

### **Audit Committee**

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

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

The College's internal auditors assess the effectiveness of the College'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.

## **Corporate Governance Statement continued**

### **Internal control**

#### **Scope of responsibility**

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

The Corporation has delegated the day-to-day responsibility to the Acting Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College'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 Financial Memorandum/Grant Funding Agreements between the College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College 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 College for the year ended 31 July 2020 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 College 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 College's significant risks that has been in place for the period ended 31 July 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

## Corporate Governance Statement continued

### 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 College action plans to manage risk; and
- the adoption of formal project management disciplines, where appropriate.

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

### Review of effectiveness

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

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

The Principal has been advised on the implications of the result of this review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Risk Management Group receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level

review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2020 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the senior leadership team and internal audit.

Based on the advice of the Audit Committee and the Principal, the Corporation is of the opinion that the College 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 2<sup>nd</sup> February 2021 and signed on its behalf by:**



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



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

## **Statement of Regularity, Propriety and Compliance**

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

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

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



**Mr I Jackson**  
**Chair of the Corporation**  
**2<sup>nd</sup> February 2021**



**Mrs J Meenaghan**  
**Principal and Chief Executive**  
**2<sup>nd</sup> February 2021**

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

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

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

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

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

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

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

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

Members of the Corporation are responsible for ensuring that funds from the Education and Skills Funding Agency are used only in accordance with the authorities that govern them as defined by and in accordance with Further &

Higher Education Act 1992, subsequent legislation and related regulations and the Funding Agreement with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time. They are also responsible for ensuring funds from Office for Students or other sources are properly applied for the purposes for which they have been given and in accordance with relevant legislation or terms and conditions attached to them.

Approved by order of the members of the corporation on 2<sup>nd</sup> February 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Mr Ian Jackson', written over a horizontal dashed line.

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



## **INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF Inspire Education Group**

### **Opinion**

We have audited the financial statements of Inspire Education Group (the 'College') and its subsidiaries (the 'Group') for the year ended 31 July 2020 which comprise the consolidated and college statements of comprehensive income, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2020 and of the Group's and the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **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. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

In our opinion, in all material respects:

- funds from whatever source administered by the college for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Reasearch England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

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

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2019 to 2020 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

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

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

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

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 23 to 24, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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 23 June 2020. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

### **RSM UK AUDIT LLP**

Chartered Accountants

Abbotsgate House

Hollow Road

Bury St Edmunds

Suffolk

IP32 7FA

Date 5th February 2021

# Inspire Education Group (Formerly Peterborough Regional College)

## Financial Statements

### Consolidated and College Statements of Comprehensive Income

For the year ended 31 July 2020

	Notes	2020		2019	
		Group £'000	College £'000	Group £'000	College £'000
<b>INCOME</b>					
Funding body grants	3	20,167	20,085	20,046	20,046
Tuition fees and education contracts	4	4,100	3,232	4,980	4,554
Research grants and contracts	5	264	264	318	318
Other income	6	1,982	1,667	2,563	1,867
Investment income	7	36	36	35	51
<b>Total income</b>		<b>26,549</b>	<b>25,284</b>	<b>27,942</b>	<b>26,836</b>
<b>EXPENDITURE</b>					
Staff costs	9	19,656	18,920	19,856	18,914
Restructuring costs	9	180	180	327	327
Other operating expenses	10	5,772	5,193	6,832	6,705
Depreciation	14	1,370	1,313	1,240	1,190
Interest and other finance costs	11	388	368	316	316
Exceptional costs	15	(57)	593	363	468
<b>Total expenditure</b>		<b>27,309</b>	<b>26,567</b>	<b>28,934</b>	<b>27,920</b>
<b>(Deficit)/surplus before other gains and losses</b>		<b>(760)</b>	<b>(1,283)</b>	<b>(992)</b>	<b>(1,084)</b>
Loss on disposal of tangible fixed assets		-	-	-	-
Gain/(loss) on investments		-	-	-	-
Share of operating surplus/(deficit) in joint venture/associate		<b>(382)</b>	-	-	-
<b>(Deficit)/surplus before tax</b>		<b>(1,142)</b>	<b>(1,283)</b>	<b>(992)</b>	<b>(1,084)</b>
Taxation	12	-	-	-	-
<b>(Deficit)/surplus for the year</b>		<b>(1,142)</b>	<b>(1,283)</b>	<b>(992)</b>	<b>(1,084)</b>
Unrealised surplus on revaluation of tangible fixed asset		-	-	-	-
Remeasurement of net defined benefit pension liability	26	(3,860)	(3,860)	(3,791)	(3,791)
Other comprehensive income of joint venture and associates		-	-	-	-
<b>Other comprehensive income for the year</b>		<b>(3,860)</b>	<b>(3,860)</b>	<b>(3,791)</b>	<b>(3,791)</b>
<b>Total comprehensive income for the year</b>		<b>(5,002)</b>	<b>(5,143)</b>	<b>(4,783)</b>	<b>(4,875)</b>

## Consolidated and College Balance Sheets as at 31 July 2020

		Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
	<b>Notes</b>				
<b>Fixed assets</b>					
Tangible assets	14	19,507	19,399	19,422	19,415
Heritage assets		-	-	-	-
Intangible assets	13	80	-	121	-
Investments	15	-	1	-	1
Investments in joint venture		-	-	-	-
		<b>19,587</b>	<b>19,400</b>	<b>19,543</b>	<b>19,416</b>
<b>Current assets</b>					
Stocks		33	33	33	17
Debtors	16	2,296	2,146	2,978	3,365
Investments	17	3,322	3,322	4,809	4,809
Cash at bank and in hand	21	3,821	3,097	611	487
		<b>9,472</b>	<b>8,598</b>	<b>8,431</b>	<b>8,678</b>
<b>Current liabilities</b>					
Creditors – amounts falling due within one year	18	(3,874)	(2,867)	(2,962)	(2,995)
<b>Net current assets</b>		<b>5,598</b>	<b>5,731</b>	<b>5,469</b>	<b>5,683</b>
<b>Total assets less current liabilities</b>					
		<b>25,185</b>	<b>25,131</b>	<b>25,012</b>	<b>25,099</b>
Creditors – amounts falling due after more than one year	19	(2,919)	(2,919)	(3,096)	(3,096)
<b>Provisions for liabilities</b>					
Defined benefit pension schemes	20	(17,207)	(17,207)	(11,882)	(11,882)
Other provisions	20	(902)	(902)	(875)	(875)
<b>Total net assets</b>		<b>4,157</b>	<b>4,103</b>	<b>9,159</b>	<b>9,246</b>
<b>Reserves</b>					
<b>Restricted reserves</b>					
Income and expenditure reserve – restricted reserve		5	5	5	5
<b>Unrestricted Reserves</b>					
Income and expenditure reserve		(1,464)	(1,519)	3,495	3,581
Revaluation reserve		5,616	5,617	5,659	5,660
<b>Total reserves</b>		<b>4,157</b>	<b>4,103</b>	<b>9,159</b>	<b>9,246</b>

The financial statements on pages 28 to 68 were approved and authorised for issue by the Corporation on 2<sup>nd</sup> February 2021 and were signed on its behalf on that date by:



**Mr I Jackson**  
Chair of the Corporation



**Mrs J Meenaghan**  
Principal and Chief Executive

## Consolidated and College Statements of Changes in Reserves

For the year ended 31 July 2020

	Income and expenditure reserve	Revaluati on reserve	Restricted Reserve	Total	Non- controllin g interest	Total
Group	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2018</b>	8,234	5,703	5	13,942	-	13,942
Surplus/(deficit) for the year	(992)	-	-	(992)	-	(992)
Other comprehensive income	(3,791)	-	-	(3,791)	-	(3,791)
Transfers between revaluation and income and expenditure reserves	44	(44)	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(4,739)</b>	<b>(44)</b>	<b>-</b>	<b>(4,783)</b>	<b>-</b>	<b>(4,783)</b>
<b>Balance at 31 July 2019</b>	<b>3,495</b>	<b>5,659</b>	<b>5</b>	<b>9,159</b>	<b>-</b>	<b>9,159</b>
Surplus/(deficit/) for the year	(1,142)	-	-	(1,142)	-	(1,142)
Other comprehensive income	(3,860)	-	-	(3,860)	-	(3,860)
Transfers between revaluation and income and expenditure reserves	43	(43)	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(4,959)</b>	<b>(43)</b>	<b>-</b>	<b>(5,002)</b>	<b>-</b>	<b>(5,002)</b>
<b>Balance at 31 July 2020</b>	<b>(1,464)</b>	<b>5,616</b>	<b>5</b>	<b>4,157</b>	<b>-</b>	<b>4,157</b>
<b>College</b>						
<b>Balance at 1 August 2018</b>	8,413	5,703	5	14,121	-	14,121
Surplus/(deficit) for the year	(1,084)	-	-	(1,084)	-	(1,084)
Other comprehensive income	(3,791)	-	-	(3,791)	-	(3,791)
Transfers between revaluation and income and expenditure reserves	44	(44)	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(4,831)</b>	<b>(44)</b>	<b>-</b>	<b>(4,875)</b>	<b>-</b>	<b>(4,875)</b>
<b>Balance at 31 July 2019</b>	<b>3,582</b>	<b>5,660</b>	<b>5</b>	<b>9,247</b>	<b>-</b>	<b>9,246</b>
Surplus/(deficit) for the year	(1,284)	-	-	(1,284)	-	(1,284)
Other comprehensive income	(3,860)	-	-	(3,860)	-	(3,860)
Transfers between revaluation and income and expenditure reserves	43	(43)	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(5,101)</b>	<b>(43)</b>	<b>-</b>	<b>(5,144)</b>	<b>-</b>	<b>(5,144)</b>
<b>Balance at 31 July 2020</b>	<b>(1,519)</b>	<b>5,617</b>	<b>5</b>	<b>4,103</b>	<b>-</b>	<b>4,103</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 July 2020

	Notes	2020 £'000	2019 £'000
<b>Operating activities</b>			
Cash generated from operations	21	3,300	(590)
<b>Net cash from operating activities</b>		<b>3,300</b>	<b>(590)</b>
<b>Investing activities</b>			
Interest received		36	35
Withdrawal of deposits		1,487	971
Purchase of tangible fixed assets		(1,426)	(2,424)
		97	(1,418)
<b>Financing activities</b>			
Interest paid		(107)	(38)
Repayments of borrowings		(80)	(74)
		(187)	(112)
<b>Increase / (decrease) in cash and cash equivalents in the year</b>		<b>3,210</b>	<b>(2,120)</b>
<b>Cash and cash equivalents at beginning of the year</b>	21	611	2,731
<b>Cash and cash equivalents at end of the year</b>	21	<b>3,821</b>	<b>611</b>

## **Notes to the Financial Statements**

### **For the year ended 31 July 2020**

#### **1. Accounting policies**

##### **General information**

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

##### **Basis of accounting**

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (F & HE SORP 2019), *the College Accounts Direction for 2019 to 2020*, and Regulatory Advice 9: Accounts Direction issued by the Office for Students and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102) under the historical cost convention. The College 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 the College.

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

##### **Reduced disclosures**

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

##### **Basis of consolidation**

The consolidated financial statements include the College and its subsidiaries, Anglia Professional Training Limited and University Centre Peterborough (from 5<sup>th</sup> June 2020), 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 2020.



## **Notes to the Financial Statements**

### **For the year ended 31 July 2020**

#### **1. Accounting policies**

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

#### **Going concern**

The financial position at the balance sheet date was such that the college believes it had sufficient resources to continue to meet the liabilities of the continued operations of Inspire Education Group (formerly PRC). This assessment has been made by the Corporation having reviewed the current and future year forecast to July 2022. This forecast includes the assets, liabilities and ongoing operations transferred into the organisation on merger on 1<sup>st</sup> August 2020. This review has significantly reduced some funding streams, such as apprenticeships. But assumes that generally the college group will return to normal operational activities for most or all of 2021/22. All figures consider the risks posed by the ongoing pandemic and all other principal risks and uncertainties identified. The members of the corporation make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the College has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the College'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 2019/20 at the allocation value, in line with the guidance issued by the ESFA specifically for 2019/20.

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.

## **Notes to the Financial Statements**

### **For the year ended 31 July 2020**

#### **1. Accounting policies**

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.

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

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

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

##### **Other income**

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

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

##### **Retirement benefits**

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

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

The LGPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are

obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts include in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

## **Notes to the Financial Statements**

**For the year ended 31 July 2020**

### **1. Accounting policies**

#### **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**

##### *College*

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

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

## **Notes to the Financial Statements**

**For the year ended 31 July 2020**

### **1. Accounting policies**

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

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

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

#### **Tangible fixed assets**

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

#### **Land and buildings**

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

Buildings are stated at cost less accumulated depreciation and accumulated impairment losses.

#### **Equipment**

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

## Notes to the Financial Statements

For the year ended 31 July 2020

### 1. Accounting policies

#### 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	12 years
Computer equipment	3-5 years

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.

#### Intangible assets

Goodwill

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

## **Notes to the Financial Statements**

**For the year ended 31 July 2020**

### **1. Accounting policies**

#### **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.

#### **Borrowing costs**

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

## **Notes to the Financial Statements**

**For the year ended 31 July 2020**

### **1. Accounting policies**

#### **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 2020**

### **1. Accounting policies**

#### **Financial Instruments contd.**

##### *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**

The College 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, the College 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.

The College 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.

## **Notes to the Financial Statements**

**For the year ended 31 July 2020**

### **1. Accounting policies**

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

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

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

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

## **Notes to the Financial Statements**

**For the year ended 31 July 2020**

### **1. Accounting policies**

#### **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.

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

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

#### *Critical areas of judgement*

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

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

#### *Critical accounting estimates and assumptions*

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

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

- Impairment of fixed assets

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

## Notes to the Financial Statements

For the year ended 31 July 2020

### 3 Funding body grants

	2020		2019	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency – Adult Education Budget	2,801	2,801	3,110	3,110
Education and Skills Funding Agency - 16-18	13,600	13,600	14,009	14,009
Education and Skills Funding Agency – apprenticeships (funded)	2,189	2,189	2,463	2,463
Office for Students – HE	63	-	373	373
<b>Specific grants</b>				
Teachers' pension scheme contribution grant	534	534	-	-
High Needs Funding	870	870	-	-
Releases of government capital grants	91	91	91	91
Education and Skills Funding Agency- provider relief scheme	19	-	-	-
<b>Total</b>	<b>20,167</b>	<b>20,085</b>	<b>20,046</b>	<b>20,046</b>

Under the provider relief scheme, the group received funding of £19,000 from the ESFA. This amount was fully spent in the year.

### 4 Tuition fees and education contracts

	2020		2019	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Tuition fees	1,790	922	1,181	1,181
Education contracts	2,310	2,310	3,799	3,373
<b>Total</b>	<b>4,100</b>	<b>3,232</b>	<b>4,980</b>	<b>4,554</b>

## Notes to the Financial Statements

For the year ended 31 July 2020

### 4a Total grants and fees income

	Year ended 31 July		Year ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Grant income from OfS	63	-	373	373
Grant income from other bodies	20,104	20,085	19,673	19,673
<b>Total Grants</b>	<b>20,167</b>	<b>20,085</b>	<b>20,046</b>	<b>20,046</b>
Fee income for taught awards (exclusive of VAT)	334	136	236	236
Fee income for research awards (exclusive of VAT)	-	-	-	-
Fee income from non-qualifying courses (exclusive of VAT)	1,456	786	943	943
<b>Total tuition fees and educational contracts</b>	<b>1,790</b>	<b>922</b>	<b>1,179</b>	<b>1,179</b>
<b>Total Grants and Fee Income</b>	<b>21,957</b>	<b>21,007</b>	<b>21,225</b>	<b>21,225</b>

### 5 Research grants and contracts

	2020		2019	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other grants and contracts	264	264	318	318
<b>Total</b>	<b>264</b>	<b>264</b>	<b>318</b>	<b>318</b>

### 6 Other income

	2020		2019	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering	548	1	696	-
Other income generating activities	992	1,234	1,317	1,317
Coronavirus Job Retention Scheme grant	55	55	-	-
Miscellaneous income	387	377	550	550
<b>Total</b>	<b>1,982</b>	<b>1,677</b>	<b>2,563</b>	<b>1,867</b>

The corporation furloughed some of the catering and nursery staff under the government's Coronavirus Job Retention Scheme. The funding received in respect of 12 staff of £55,000 relates to staff costs which are included within the staff costs note below as appropriate.

## Notes to the Financial Statements

For the year ended 31 July 2020

### 7 Investment income

	2020		2019	
	Group £'000	College £'000	Group £'000	College £'000
Other interest receivable	36	36	35	51
	<u>36</u>	<u>36</u>	<u>35</u>	<u>51</u>
Net interest on defined pension liability (note 24)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>36</u></b>	<b><u>36</u></b>	<b><u>35</u></b>	<b><u>51</u></b>

### 8 Donations – college and group

	2020	2019
	£'000	£'000
Unrestricted donations	-	-
	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>-</u></b>	<b><u>-</u></b>

## Notes to the Financial Statements

### For the year ended 31 July 2020

#### 9 Staff costs and key management personnel remuneration – Group and College

The average number of persons (including key management personnel) employed by the College during the year, expressed as average headcount and calculated on a monthly basis, was:

	Year ended 31 July 2020		Year ended 31 July 2019	
	Group £'000	College £'000	Group £'000	College £'000
Teaching staff	595	582	711	698
Non teaching staff	234	227	238	231
	<b>829</b>	<b>809</b>	<b>949</b>	<b>929</b>

#### Staff costs for the above persons

	Year ended 31 July 2020		Year ended 31 July 2019	
	Group £'000	College £'000	Group £'000	College £'000
Wages and salaries	13,508	12,802	14,175	13,276
Social security costs	1,126	1,103	1,251	1,217
Other pension costs	3,914	3,909	3,168	3,161
Apprenticeship Levy	54	52	59	57
<b>Payroll sub total</b>	<b>18,602</b>	<b>17,866</b>	<b>18,653</b>	<b>17,711</b>
Contracted out staffing services	1,054	1,054	1,203	1,203
	<b>19,656</b>	<b>18,920</b>	<b>19,856</b>	<b>18,914</b>
Fundamental restructuring costs - contractual	174	174	-	-
non contractual	6	6	327	327
	<b>19,836</b>	<b>19,100</b>	<b>20,183</b>	<b>19,241</b>



## Notes to the Financial Statements

For the year ended 31 July 2020

### 9 Staff costs and key management personnel remuneration – Group and College (continued)

#### Key management personnel compensation <sup>7</sup>

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 Leadership Team which comprises the Principal, Vice Principal of Corporate Services, Vice Principal of Curriculum and Quality, Managing Director Business Services.

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

	2020	2019
	No.	No.
The number of key management personnel including the Accounting Officer was:	4	4
	<u>4</u>	<u>4</u>

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

	Key management personnel		Other staff	
	2020	2019	2020	2019
	No.	No.	No.	No.
£60,001 to £65,000 p.a.	-	1	1	-
£65,001 to £70,000 p.a.	-	1		1
£70,001 to £75,000 p.a.	2	-	-	-
£90,001 to £95,000 p.a.	1	-	-	-
£95,001 to £100,000 p.a.		1		
£115,001 to £120,000 p.a.	-	1	-	-
£125,001 to £130,000 p.a.	1	-	-	-
	<u>4</u>	<u>4</u>	<u>1</u>	<u>1</u>
	<u>4</u>	<u>4</u>	<u>1</u>	<u>1</u>

## Notes to the Financial Statements

For the year ended 31 July 2020

### 9 Staff costs and key management personnel remuneration – Group and College (continued)

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Key management personnel (including the Accounting Officer) total compensation is made up as follows:		
Salaries	329	350
Benefits in kind	1	-
National Insurance	41	42
	<hr/> 371	<hr/> 392
Pension costs	68	56
<b>Total emoluments</b>	<hr/> <b>439</b> <hr/>	<hr/> <b>448</b> <hr/>

There were no salary sacrifice arrangements in place in the year.

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid of key management personnel) of:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	130	80
Benefits in kind	1	-
	<hr/> 131	<hr/> 80
Pension contributions	28	13
Total	<hr/> <b>159</b> <hr/>	<hr/> <b>93</b> <hr/>

The Accounting Officer salary and pension contributions for 2018/19 cover the period December 2018 to July 2019. The prior Accounting Officer received an equivalent total of £40k for the period August 2018 to October 2018.

The remuneration of the accounting officer for 2019-20 was determined during the year by the College's Remuneration Committee. The Accounting Officer was not involved in setting their remuneration. The factors taken into account by the Committee in determining the accounting officer's remuneration for the year to 31 July 2020 included:

The Governing Body uses the Colleges' Senior Pay Survey in order to assess senior pay. A similar approach was used to determine the remuneration of other key management personnel.

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

## Notes to the Financial Statements

For the year ended 31 July 2020

### Relationship of Principal pay and remuneration expresses as a multiple

	2020	2019
Principal's basic salary as a multiple of the median of all staff	4.81	3.20
Principal's total remuneration as a multiple of the median of all staff	5.39	3.37

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

One member of key management was made redundant in year at a cost of £16,140. As part of this exit there will be an additional pension enhancement cost in future years.

### Governors' 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.

During the year 2019/20 governors with total expenses of £459 (2019 - £nil) were paid to or on their behalf in respect of travel and subsistence and other out of pocket expenses incurred in the course of their duties.

### 10 Other operating expenses

	2020		2019	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	1,986	1,942	1,810	1,875
Non-teaching costs	2,597	2,149	3,589	3,495
Premises costs	1,189	1,102	1,433	1,335
<b>Total</b>	<b>5,772</b>	<b>5,193</b>	<b>6,832</b>	<b>6,705</b>

## Notes to the Financial Statements

For the year ended 31 July 2020

### 10 Other Operating Expenses contd.

	Group and college	
	2020	2019
	£'000	£'000
Deficit/surplus before taxation is stated after charging:		
Fees payable to RSM UK LLP in 2019/20 and BDO LLP in 2018/19 in respect of both audit and non-audit fees:		
Audit of college and group	29	26
Audit of subsidiaries	3	-
Internal audit	20	21
Operating lease rentals	193	243

### 11 Interest payable and other finance costs – group and college

	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
On bank loans, overdrafts and other loans:	107	87	38	38
	<u>107</u>	<u>87</u>	<u>38</u>	<u>38</u>
Interest on enhanced pension costs (note 20)	18	18	-	-
Net interest on defined pension liability (note 26)	263	263	278	278
	<u>263</u>	<u>263</u>	<u>278</u>	<u>278</u>
<b>Total</b>	<b><u>388</u></b>	<b><u>368</u></b>	<b><u>316</u></b>	<b><u>316</u></b>

## Notes to the Financial Statements

For the year ended 31 July 2020

### 12 Taxation – group

	2020	2019
	£'000	£'000
<b>Current tax</b>		
UK corporation tax	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
	<hr/>	<hr/>
<b>Total tax on deficit/surplus</b>	<hr/> -	<hr/> -

### 13 Intangible Fixed Assets (Group)

	Goodwill	Total
	£'000	£'000
<b>Cost or Valuation</b>		
At 1 August 2019	402	402
Additions/Disposals	-	-
<b>At 31<sup>st</sup> July 2020</b>	<hr/> 402	<hr/> 402
<b>Depreciation</b>		
At 1 August 2019	281	281
Charge for the year	41	41
Elimination in respect of disposals	-	-
<b>At 31<sup>st</sup> July 2020</b>	<hr/> 322	<hr/> 322
	<hr/>	<hr/>
<b>Net book value at 31<sup>st</sup> July 2020</b>	<hr/> 80	<hr/> 80
Net Book value at 31 <sup>st</sup> July 2019	<hr/> 121	<hr/> 121
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Financial Statements

For the year ended 31 July 2020

### 14 Tangible fixed assets (group)

	Land and buildings		Equipment	Assets in the course of construction	Total
	Freehold	Long leasehold			
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2019	28,412	639	10,569	-	39,620
Additions	632	-	794	-	1,426
Disposals	-	-	-	-	-
<b>At 31 July 2020</b>	<b>29,044</b>	<b>639</b>	<b>11,363</b>	<b>-</b>	<b>41,046</b>
<b>Depreciation</b>					
At 1 August 2019	11,446	639	8,084	-	20,169
Charge for the year	510	-	860	-	1,370
Elimination in respect of disposals	-	-	-	-	-
<b>At 31 July 2020</b>	<b>11,956</b>	<b>639</b>	<b>8,944</b>	<b>-</b>	<b>21,539</b>
<b>Net book value at 31 July 2020</b>	<b>17,088</b>	<b>-</b>	<b>2,419</b>	<b>-</b>	<b>19,507</b>
Net book value at 31 July 2019	16,966	-	2,485	-	19,451

## Notes to the Financial Statements

For the year ended 31 July 2020

### 14 Tangible fixed assets (college only)

	Land and buildings		Equipment	Assets in the course of construction	Total
	Freehold	Long leasehold			
	£'000	£'000			
<b>Cost or valuation</b>					
At 1 August 2019	28,412	639	10,481	-	39,532
Additions	632	-	665	-	1,297
Disposals	-	-	-	-	-
<b>At 31 July 2020</b>	<b>29,044</b>	<b>639</b>	<b>11,146</b>	<b>-</b>	<b>40,829</b>
<b>Depreciation</b>					
At 1 August 2019	11,446	639	8,032	-	20,117
Charge for the year	510	-	803	-	1,313
Elimination in respect of disposals	-	-	-	-	-
<b>At 31 July 2020</b>	<b>11,956</b>	<b>639</b>	<b>8,835</b>	<b>-</b>	<b>21,430</b>
<b>Net book value at 31 July 2020</b>	<b>17,088</b>	<b>-</b>	<b>2,311</b>	<b>-</b>	<b>19,399</b>
Net book value at 31 July 2019	16,966	-	2,449	-	19,415

## Notes to the Financial Statements

For the year ended 31 July 2020

### 15 Fixed asset investments – college

	College 2020 £'000	College 2019 £'000
Investments in subsidiary companies	1	354
Investments in associate companies	-	-
Write off of investment in subsidiaries during the year	-	(353)
<b>Total</b>	<b>1</b>	<b>1</b>

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

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

During the year PRC Ventures Limited a wholly owned subsidiary ceased trading and entered a voluntary winding up process. The College took on all the trade and liabilities of PRC Ventures Limited on 1<sup>st</sup> May 2020. The net liability on this date was £227k, this amount is viewed as an irrecoverable debt within the College accounts, and has been written off through exceptional costs.

During the year the College exited the iMET Joint Venture with Cambridge Regional College, with a total loss included in exceptional costs amounting to £423k.

On 5<sup>th</sup> June 2020 University Centre Peterborough transferred from being a joint venture undertaking with Anglia Ruskin University to a wholly owned subsidiary of IEG (formerly PRC). University Centre Peterborough is a company limited by guarantee, and has no share capital.

No consideration was made to Anglia Ruskin University for the transfer. The net assets position of the organisation on transfer is estimated to be £40K.

In 2018/19 a wholly owned subsidiary, Construction Training Services (CTS) was closed, and the losses written off through exceptional costs. As the result of a negotiated agreement with the sellers the college has now credited exceptional costs with £57K, being an over-accrual against losses in the prior year.



## Notes to the Financial Statements

For the year ended 31 July 2020

### 16 Debtors

	2020		2019	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	811	276	644	614
Amounts owed by group undertakings	-	471	-	567
Amounts owed by associates/jointly controlled entities	-	-	619	619
Prepayments and accrued income	824	738	1,113	963
Amounts owed by the ESFA	661	661	602	602
<b>Total</b>	<b>2,296</b>	<b>2,146</b>	<b>2,978</b>	<b>3,365</b>

### 17 Current asset investments

	2020		2019	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Short term deposits	3,322	3,322	4,809	4,809
<b>Total</b>	<b>3,322</b>	<b>3,322</b>	<b>4,809</b>	<b>4,809</b>

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

## Notes to the Financial Statements

For the year ended 31 July 2020

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

	2020		2019	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	84	84	80	80
Trade creditors	174	284	230	189
Amounts owed to subsidiary undertakings	-	-	-	129
Other taxation and social security	281	281	329	293
Accruals and deferred income	3,244	2,127	2,232	2,213
Government grants (capital)	91	91	91	91
<b>Total</b>	<b>3,874</b>	<b>2,867</b>	<b>2,962</b>	<b>2,995</b>

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

	2020		2019	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank loans	735	735	819	819
Obligations under finance leases	-	-	-	-
Government grants (capital)	2,184	2,184	2,276	2,276
<b>Total</b>	<b>2,919</b>	<b>2,919</b>	<b>3,096</b>	<b>3,096</b>

## Notes to the Financial Statements

For the year ended 31 July 2020

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

Bank loans and overdrafts are repayable as follows:

	2020		2019	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
In one year or less	84	84	84	84
Between one and two years	180	180	180	180
Between two and five years	555	555	635	635
In five years or more	-	-	-	-
<b>Total</b>	<b>819</b>	<b>819</b>	<b>899</b>	<b>899</b>

The bank loan bears interest at 4.4%. It is unsecured

### 20 Provisions for liabilities

	Group and College				Total
	Defined benefit obligations	Restructuring	Enhanced pensions	Other <sup>1</sup>	
	(note 24)				
	£'000	£'000	£'000	£'000	£'000
At 1 August 2019	11,882	-	875	-	12,757
Utilised in the year	1,501	-	(9)	-	1,493
Additional provision in the year	3,824	-	36	-	3,860
<b>At 31 July 2020</b>	<b>17,207</b>	<b>-</b>	<b>902</b>	<b>-</b>	<b>18,109</b>

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

## Notes to the Financial Statements

For the year ended 31 July 2020

### 21 Notes to cash flow statement

#### A) Reconciliation of surplus after tax to net cash generated from/(used in) operations

	2020	2019
	£'000	£'000
<b>Surplus/(Deficit) after tax for the year</b>	(1,142)	(992)
Adjustment for:		
Taxation	-	-
Depreciation	1,370	1,200
Amortisation	41	40
Investment income	(36)	(35)
Interest payable	107	38
Loss on disposal of assets	-	23
Increase/(decrease) in provisions	27	(6)
Pensions costs less contributions payable	1,465	1,175
Increase/(decrease) in deferred capital grants	(92)	(75)
Share of operating surplus/(deficit) in joint venture/associate	382	257
Operating cash flow before movements in working capital	<u>2,122</u>	<u>1,625</u>
(Increase)/decrease in stocks	-	14
(Increase)/decrease in trade and other debtors	270	(1,433)
Increase/(decrease) in trade and other creditors	908	(796)
<b>Cash generated from operations</b>	<u><u>3,300</u></u>	<u><u>(590)</u></u>

#### B) Consolidated analysis of changes in net funds

	At 1 August 2019	Cash flow	New finance leases	Other non- cash changes	Changes in market value and exchange rates	At 31 July 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Cash in hand, and at bank	611	3,210	-	-	-	3,821
Bank overdrafts	-	-	-	-	-	-
Debt factoring	-	-	-	-	-	-
	<u>611</u>	<u>3,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,821</u>
Bank loans	(899)	80	-	-	-	(819)
Finance leases	-	-	-	-	-	-
Current asset investments	4,809	(1,487)	-	-	-	3,322
<b>Net funds</b>	<u><u>4,521</u></u>	<u><u>1,803</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>6,324</u></u>

## Notes to the Financial Statements

For the year ended 31 July 2020

### 22 Capital commitments

	Group and College	
	2020	2019
	£'000	£'000
Contracts for future capital expenditure not provided	-	-

### 23 Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases as follows:

	Group and College	
	2020	2019
	£'000	£'000
<b>Payments due</b>		
Not later than one year	92	147
Later than one year and not later than five years	169	189
Later than five years	-	-
	<u>261</u>	<u>336</u>

### 24 Contingent Liabilities

There are currently no contingent liabilities

### 25 Events after the reporting date

As a result of merger on 1<sup>st</sup> August 2020 New College Stamford transferred its assets, liabilities, and operations as an ongoing business, and the financial position at the balance sheet date into Inspire Education Group (previously Peterborough Regional College). On transfer New College Stamford was legally dissolved, and Inspire Education Group (previously Peterborough Regional College) changed its name to Inspire Education Group. The combined operations and resources of the group are such that Inspire Education Group believes it has sufficient resources to continue to meet the liabilities of the continued operations of both colleges.

## Notes to the Financial Statements

For the year ended 31 July 2020

### 26 Retirement benefits

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 Cambridgeshire County Council. Both are multi-employer defined-benefit plans.

<b>Total pension cost for the year</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Teachers Pension Scheme: contributions paid	1,319	769
Local Government Pension Scheme:		
Contributions paid	1,357	1,424
FRS 102 charge	1,238	968
Charge to the Statement of Comprehensive Income	2,595	2,392
		-
<b>Total Pension Cost for Year</b>	<b>3,914</b>	<b>3,161</b>

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

	<b>2020 £'000</b>	<b>2019 £'000</b>
Surplus/(deficit) in scheme at 1 August	(11,882)	(6,916)
Movement in year:		
Current service cost	(2,509)	(2,293)
Employer contributions	1,352	1,424
Past service cost	(81)	(99)
Net interest on the defined (liability)/asset	(263)	(207)
Actuarial gain or loss	(3,824)	(3,791)
<b>Net defined benefit (liability)/asset at 31 July</b>	<b>(17,207)</b>	<b>(11,882)</b>

## Notes to the Financial Statements

For the year ended 31 July 2020

### 26 Retirement benefits contd.

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 2016 and of the LGPS 31 March 2019.

#### 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. 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 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

#### Valuation of the Teachers' Pension Scheme

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

## Notes to the Financial Statements

For the year ended 31 July 2020

### 26 Retirement benefits (continued)

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2020 onwards (compared to 16.48% during 2019/20). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year. The next valuation result is due to be implemented from 1 April 2023. The pension costs paid to TPS in the year amounted to £1,319,000 (2019: £769,000).

### 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 2020 were £1,700,000, of which employer's contributions totalled £1,352,000 and employees' contributions totalled £348,000. The agreed contribution rates for future years are 22.3% for employers and range from 5.5% to 7.5% for employees, depending on salary.

### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2020 by a qualified independent actuary.

	2020	2019
Rate of increase in salaries	2.6%	2.7%
Future pensions increases	2.1%	2.4%
Discount rate	1.4%	2.1%
Inflation assumption (CPI)	2.6%	2.7%
Commutation of pensions to lump sums	64.0%	50%

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	2020	2019
	Years	Years
<i>Retiring today</i>		
Males	22.0	21.5
Females	24.0	23.5
<i>Retiring in 20 years</i>		
Males	22.7	22.4
Females	25.5	24.9



## Notes to the Financial Statements

For the year ended 31 July 2020

### 26 Retirement benefits (continued)

The College's share of the assets in the plan at the balance sheet were:

	Fair Value of assets	
	2020	2019
	£'000	£'000
Equity instruments	23,797	26,172
Debt instruments	4,139	4,132
Property	5,175	3,788
Cash	1,380	345
<b>Total fair value of plan assets</b>	<b>34,491</b>	<b>34,437</b>
<b>Actual return on plan assets</b>	<b>(675)</b>	<b>1,708</b>

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

	2020	2019
	£'000	£'000
Current service cost	2,509	2,293
Net interest on the net defined benefit pension liability	81	99
Benefit changes, (gain)/loss on curtailment and (gain)/loss in settlement	(1,352)	(1,424)
<b>Total</b>	<b>1,238</b>	<b>968</b>

## Notes to the Financial Statements

For the year ended 31 July 2020

### 26 Retirement benefits (continued)

	2020
	£'000
<b>Changes in the present value of defined benefit obligations</b>	
<b>Defined benefit obligations at start of period</b>	46,319
Current service cost	2,509
Interest cost	995
Contributions by scheme participants	348
Actuarial (gains)/losses	2,417
Benefits paid	(971)
Plan introductions, changes, curtailments and settlements	81
<b>Defined benefit obligations at end of period</b>	<b>51,698</b>
<b>Changes in fair value of plan assets</b>	
<b>Fair value of plan assets at start of period</b>	34,437
Interest income	732
Return on plan assets (excluding net interest on the net defined benefit liability)	(1,407)
Employer contributions	1,352
Contributions by scheme participants	348
Benefits paid	(971)
<b>Fair value of plan assets at end of period</b>	<b>34,491</b>

## Notes to the Financial Statements

For the year ended 31 July 2020

### 27 Amounts disbursed as agent - Learner support funds

	2020	2019
	£'000	£'000
Funding body grants – 16-19 bursary support	787	756
Other funding body grants	-	-
Interest earned	-	-
	<hr/>	<hr/>
	787	756
Disbursed to students	(722)	(936)
Administration costs	-	-
	<hr/>	<hr/>
Balance unspent as at 31 July, included in creditors	187	122
	<hr/>	<hr/>

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.

### 28 Related Parties

On 1<sup>st</sup> May 2020 PRC Ventures (PRCV), a wholly owned subsidiary of IEG (previously PRC) ceased trading. On cessation, the staff and operations of PRCV, and the net liabilities of £227k were transferred into IEG (previously PRC) and the liabilities were written off as an uncollectable debt. PRCV provided catering services to the college group.

IEG and PRCV have a Director/Governor in common. The following Officers/Governors were Directors of PRCV during the year.

Rod Allerton (Governor), Rachel Nicholls (IEG Deputy CEO/Principal of Peterborough College) and Greg Hanrahan (Managing Director Business Services).

IEG also reached agreement to cease trading through iMET, a joint venture with Cambridge Regional College. On closure the share of the losses in iMET, and a loan of £180k were written off. The total write off was £423k. iMET provided specialist apprenticeship training courses for the group.

IEG and iMET had a Directors/Governors in common. The following Officers/Governors were Directors of iMET during the year.

Greg Hanrahan (Managing Director Business Services) and Mary Kiernan (Governor).

UCP was a joint venture with Anglia Ruskin University until 5<sup>th</sup> June 2020. On that date it became a wholly owned subsidiary of IEG. UCP provided Higher Education for the Group. During 2019/20 IEG provided UCP with a financial guarantee for losses of up to £500,000.

IEG and UCP had Directors/Governors in common during 2019/20.

Sir Les Ebdon (Governor), Mary Kiernan (Governor), Rachel Nicholls (IEG Deputy CEO/Principal of Peterborough College), and Peter Walker (Vice Principal Corporate Services).

IEG holds a 20% interest in PSA Limited, and also contracts with the company to deliver specialist apprenticeship services. IEG and PSA Limited had an Officer/Director in common, Peter Walker (Vice Principal Corporate Services).

All transactions between IEG and the above companies were normal business transactions unless otherwise detailed, in pursuit of the IEG overall objectives. No Directors, Governors or Officers received any remuneration for their roles on subsidiary boards.

Transactions between IEG and the related parties were as follows;

Transactions	2020		2019	
	Amounts Paid to Related Party	Amounts Received From Related Party	Amounts Paid to Related Party	Amounts Received From Related Party
	£'000	£'000	£'000	£'000
PRC Ventures	15	1	1	1
iMET	-	-	-	-
UCP	5	212	21	5
PSA Limited	251	-	279	-

The balances owed to and by IEG to the related parties were as follows;

Year End Balances	2020		2019	
	Amounts owed to Related Party	Amounts owed by Related Party	Amounts owed to Related Party	Amounts owed by Related Party
	£'000	£'000	£'000	£'000
PRC Ventures	-	-	-	36
iMET	-	-	-	-
UCP	-	279	-	662
PSA Limited	-	-	-	-

# **INDEPENDENT REPORTING ACCOUNTANT’S REPORT ON REGULARITY TO THE CORPORATION OF INSPIRE EDUCATION GROUP (PREVIOUSLY PETERBOROUGH REGIONAL COLLEGE) 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 23 June 2020 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the “ESFA”), to obtain limited assurance about whether the expenditure disbursed and income received by **Inspire Education Group (previously Peterborough Regional College)** during the period 1 August 2019 to 31 July 2020 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 2019 to 31 July 2020 has 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 “ACoP”) issued by the ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the ESFA has other assurance arrangements in place.

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

## **Responsibilities of Corporation of Inspire Education Group (previously Peterborough Regional College) for regularity**

The Corporation of Inspire Education Group (previously Peterborough Regional College) 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 is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The corporation of Inspire Education Group (previously Peterborough Regional College) 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 ACoP.

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 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

#### **Use of our report**

This report is made solely to the Corporation of Inspire Education Group (previously Peterborough Regional College) 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 (previously Peterborough Regional College) 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 (previously Peterborough Regional College) and the Secretary of State for Education acting through the ESFA for our work, for this report, or for the conclusion we have formed.

*RSM UK Audit LLP*

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Date: 5th February 2021