

The Legal Education Foundation
**Annual Report & Consolidated
Financial Statements**

Year to 30 June 2021

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Report of the Governors for the Year Ended 30 June 2021

CONSTITUTION

The Legal Education Foundation ('The Foundation') is an educational charity incorporated in 1962 and granted a Royal Charter in 1975.

The ultimate control of the Foundation is vested in the Governors who are also its Trustees. They are appointed by the Members of the Foundation who are the current Governors together with those who were Governors within the previous five years and have not resigned as Members.

OBJECT

The Object of the Foundation, as set out in its Royal Charter, as amended by Order in Council dated 28th April 2021 is:

'To promote the advancement of legal education and the study of law in all its branches, and the sound development and administration of law'.

PUBLIC BENEFIT

The Governors confirm that they have referred to the Charity Commission's guidance on public benefit when considering the Foundation's aims and objectives, in planning future activities, and setting its grant-making policy. The information on the following pages, provides more detail on the benefit that the Foundation's activities provide to the public.

STRUCTURE

The Group consists of the Foundation and its wholly owned subsidiary Justice Collaborations. Justice Collaborations was incorporated on 22 November 2019, is a company limited by guarantee and received charitable status on 17 January 2020.

The trustee Board of Justice Collaborations comprises three Trustees who are also Trustees of the Foundation, the Foundation's chief executive and two independent Trustees. Justice Collaborations' Objects incorporate those of the Foundation, but are wider.

KEY DEVELOPMENTS AND DELIVERY IN THE YEAR

STRATEGY 2020 –2025

Context

The ongoing impacts of the Covid-19 pandemic continue to dominate the context for our work. Evidence from many quarters documents the uneven distribution of effects across people in the UK, falling hardest on elderly people, people from minoritised communities and people with low incomes. Research published in December 2020 by Joseph Rowntree Foundation showed that destitution levels in Great Britain are expected to double in the wake of the pandemic with an estimated two million families, including one million children, likely to struggle to afford necessities. A February 2021 editorial in the British Medical Journal noted that increasing child poverty, homelessness, and food poverty have led to a rise in infant mortality, mental health problems, and stalling life expectancy, especially for women in the poorest areas and cities, and that these are the same areas where 10 years of austerity measures have already hit poorest groups the hardest. In the longer term, the OECD has predicted the effect of the pandemic on employment will be 10 times greater than that of the 2008 financial crisis, and the Office for National Statistics reports that the ongoing costs of responding to coronavirus, coupled with reduced tax revenues, means that by the end of 2020 the UK economy contracted by 9.9%. This was the largest annual fall in over 300 years.

The Foundation has kept the scale of these challenges to the fore this year given our role supporting people and organisations that have a such a crucial role to play in mitigating the immediate impacts on communities and in shaping the national policy response necessary for an inclusive recovery. We have also kept to the fore the fact that these organisations have themselves been severely impacted by the crisis and that the picture for this year remains extremely challenging and uncertain. Staff in the sector have been under great pressure, and often working in unsuitable and isolated conditions, for more than a year.

The OECD has looked at lessons from across the globe on the role of justice systems in building a ‘resilient recovery’. A number of these resonate strongly with areas of the Foundation’s work. Lessons include that for justice systems to provide people-centred access to justice, it is essential to learn about what works and for this to be driven by better data and sound transparent governance of data. Recovery also needs to be approached as a whole-of-government priority. In the UK context, this should include coordination between central government, local government, mayoral authorities and the devolved administrations for Scotland, Wales and Northern Ireland, with transparency of public institutions and decision making crucial. Where this work intersects with justice, it needs to recognise the whole justice chain, especially the role of legal advice and community-led organisations who are often forgotten or neglected. Finally, the OECD points out that technology has many benefits, but it must serve all people and focus on meeting the needs of the most vulnerable.

Another consequence of responses to the pandemic has been accelerated implementation of remote hearings in the justice system. We reported last year on the significant work led by the Foundation to examine the impacts of changes in the justice system. This has continued and extended this year. We have also noted the increasing pressure on government and the justice system over the backlog of cases across civil and criminal justice created by coronavirus measures.

More widely, the legal and constitutional context has faced dramatic developments on many fronts. This has included government-led and independent reviews of human rights, administrative, and immigration law, a levelling up White Paper setting out new interventions to fixing geographical inequality in a move away from protected characteristics, a Procurement Bill that will consolidate and streamline the 350+ EU derived regulations, a Judicial Review Bill and a Police Powers and Protections Bill which is examining protest rights and police powers.

There remains a continued increase in automated decisions for government processes and the use of skeleton bills and secondary legislation which undermine effective parliamentary and public scrutiny as well as increased pressure on the Charity Commission to examine campaigning work by charities.

Detail on how the Foundation's work is addressing this context is set out below.

Vision

Our vision is of a society that fosters the principles of justice and fairness, where people understand and use law to bring about positive change and to prevent harm and where public systems and structures uphold the rule of law.

Strategic objectives

Three programme objectives will drive our work to 2025:

Stronger Sector: Training and support for a thriving social justice legal sector

Fairer Systems: Transparency, accountability and the protection of rights

Smarter Justice: An enduring commitment to learning and evidence in the justice system.

How we work

In carrying out our work, we aim to uphold the following principles and practices:

- We see the Foundation as part of a mutual endeavour, establishing engaged and supportive relationships with those who share our vision, and bringing people together to build alliances and to share expertise.
- We seek to listen and learn, recognising the commitment and expertise that exists in the organisations we work with. We underpin our work with good information and analysis, continually building our knowledge and seeking to reflect this in our work.
- We aim to be a trusted voice, using our knowledge, networks and independence to influence those who can effect change.
- We have a responsibility to use the Foundation's resources to be bold, to support work that others cannot, or do not, and to take a long-term view.
- We seek to support and promote diversity and reflect lived experience in our work.

- We aim to be clear about the way we operate and the choices that we make.
- We marshal and deploy our resources thoughtfully and, as an organisation, seek to maintain the highest standards of operational and administrative efficiency.

Grant-making process and practice

This year, the umbrella body London Funders produced a report examining funder responses to the pandemic. It identified three themes: The importance of flexibility in planning and delivery; changing ways of working; and supporting capacity building. It also identified three key challenges: The expectation of a second wave of demand; the urgency of identifying gaps, overlaps and opportunities for collaboration across the voluntary sector; and the financial precariousness of the sector as a whole and what that means for maintaining social infrastructure. The research also endorsed funding approaches based on trusting relationships and longer-term funding.

In February, we were amongst 50 other funders who signed up to a campaign launched by the Institute for Voluntary Action Research and London Funders calling on funders to adopt simpler, more flexible practices that make life easier for those they fund. The goals include asking funders to commit to being more open and trusting by making grants in a way that reflects the realities facing civil society organisations as well as managing grants in ways that reflect funders' confidence in and respect for the organisations they fund. This all resonates strongly with the approaches we are pursuing as a Foundation.

This year we have introduced a systematic approach to monitoring the extent to which our application process is open and fair, and how our grants reflect the aspirations for the kind of funder that we want to be. This has highlighted that we receive low numbers of applications from organisations led by the communities they serve, and we will work further on this next year. We have also continued the move towards longer term core support for organisations, alongside increasing funding to support staff in organisations to access training and development.

Overall, we experienced a drop in the number of applications from just over 50 to 15, which we ascribe to the impact of coronavirus and the understandable focus of organisations on securing emergency funds from sources such as the Community Justice Fund. TLEF has been a key partner in this fund which went on to award 179 grants to a total of £11.4m in its first wave. It has been an important vehicle for us in marshalling our response and supporting the sector. We have also delivered the first rounds of the Justice Together Initiative which has provided a funding boost for organisations in the immigration field. More detail on both is included below, and a full list of the grants awarded this year is available at page 56.

Collaboration has always been a strong feature of our work, and this has been even more important to us in the recent period. We have been able to build on existing relationships to move fast in delivering current programmes and developing new responses, as well as work with partners on longer-term initiatives.

Working at a policy level has become an important component of our approach as a Foundation, further strengthened this year by the recruitment of Emily McCarron as Policy Manager. Our work is guided by a set of principles:

- We are evidence-led and support the collection and use of data, evidence and legal analysis that inform good policy making.

- We aim to be constructive, authoritative and independent.
- We do not promote party political positions but hold firm to our values and strategic objectives.
- We listen to the voice of experts in the field including experts by experience; and
- We think carefully where the Foundation’s independent voice can make a contribution and how best to use that voice to bring about positive change.

Strategic objectives in depth

This next section looks at our three strategic objectives in more detail.

Stronger Sector: Training and support for a thriving social justice legal sector

We operate an open grants programme under this area of the strategy which funds a range of activities including:

1. Development and delivery of legal education and training programmes to address systemic gaps in knowledge and practice among advice workers, paralegals, lawyers and managers.
2. Sharing learning and knowledge between practitioners and organisations to improve practice and to increase access to justice.
3. Policy work to influence the local or national statutory and regulatory framework for legal education.
4. Piloting and evaluating new approaches to delivering legal education, including, for example, flexible working, apprenticeships and remote supervision. In delivering these activities, we welcome collaborations between organisations. We also recognise the important role of second-tier organisations supporting other organisations instead of people directly in developing co-ordinated, system-wide responses to addressing gaps.

We have kept in close contact with existing grantees and agreed around twenty variations and extensions to grants to help organisations manage the effects of coronavirus on operations and programmes.

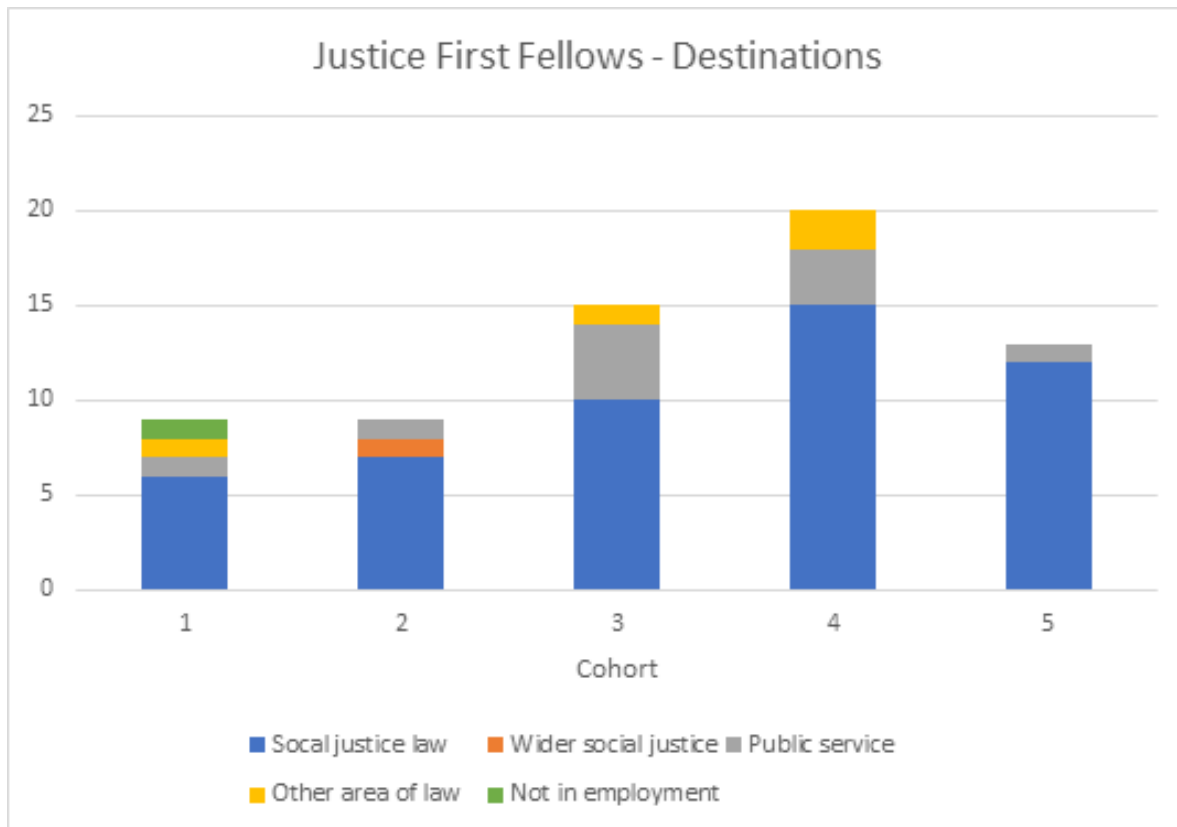
As well as the open grants programme, the Foundation is also carrying out a range of proactive work in support of this strategic objective. We have devoted considerable staff time and resources to work on the Community Justice Fund, for which the main outcome was securing significant external funds for organisations in the legal advice sector. Ongoing staff time on the Justice Together Initiative included publishing the strategy, completing the first grants round and inducting the Grants Committee. Strengthening infrastructure support for advice organisations will remain an important element over the course of this strategy.

Justice First Fellowship

The Justice First Fellowship, which sits under the Stronger Sector objective, is the Foundation’s scheme to support the next generation of social justice lawyers. Since 2014, more than one hundred Fellowships have been awarded across all four nations in the UK over seven cohorts, with recruitment currently underway for an eighth cohort that will start in January 2022. The Foundation has invested some £7.0 million in the scheme so far. Further expansion has been helped by the contributions of other funders and law firms now totalling over £3.1million. Whilst the focus of funding and activity is on the two years that Fellows spend on the scheme completing their professional training and gaining wider skills and experience, the longer-term

objective is to support Fellows into sustainable employment in social justice law. We monitor employment destinations over time and, so far, outcomes are excellent. Of the sixty-six Fellows that have graduated from the scheme, sixty-five are in paid employment and one is the primary care giver for her family. Ninety-one percent are working as lawyers in roles using law for public benefit.

This chart sets out the current employment of all graduated Fellows.



Seventy-six percent of Fellows (50 Fellows) are working as lawyers in social justice law. Within this, over half are still working at their original host organisation. These are new jobs that have been created and sustained in these organisations. Other Fellows have moved on to new social justice organisations, and it has been striking to see where exciting new roles have been created in the field, Fellows have been successfully securing those posts. Fifteen percent of Fellows (10 Fellows) have moved into roles as lawyers in central government, local government or the courts service. In some cases, this was to gain experience in another setting. In others it was for greater job security and higher salary. A small number of Fellows are working in social justice NGOs or unions but not as lawyers. Four Fellows are working in areas of law that sit outside social justice such as commercial employment and personal injury law.

Fellows reflect a diverse range of backgrounds with a large proportion coming from minority ethnic groups or with direct lived experience of circumstances where they themselves have needed the support of social welfare legal advice services. The quality of candidates is very high and their commitment to social justice is clear.

Co-funding has been a positive feature of the scheme since inception. AB Charitable Trust, BBC Children in Need, City Bridge Trust, Allen & Overy, Herbert Smith Freehills, Linklaters and Skadden Arps Slate Meagher & Flom have partnered with us over multiple rounds.

As well as funding Fellows, JFF has helped to build the wider field in a range of ways. The principal focus of a partnership with BBC Children in Need was the joint funding of 14 new child lawyers. However, it has also contributed to closer working relationships between the host organisations. A learning partner worked with a child law cluster identifying four strategic themes to work on: developing child-centred lawyering; improving data collection and outcome measurement; supporting collaboration across the children's and youth sector; developing intersections of law in children's legal practice. Collaboration on these themes has now been formalised through the organisations joining together to create the UK Child Law Network. Separate funding has been secured to support the running costs of the network and a joint project is under development to take forward work on child-centred lawyering as a specialist discipline.

The consequences of coronavirus on Fellows have been significant, with impacts on training, project development, employment opportunities and wellbeing. We have re-designed the additional training offered to Fellows to offer shorter, more frequent sessions online, and significantly increased provision of training and support around reflective practice and self-care for Fellows and hosts through a partnership with Claiming Space. These sessions have been very well received and will continue to form an important component of the support we provide.

Another consequence of the pandemic has been to delay work we had wanted to do on expanding elements of the scheme. This includes work on the barrister strand of JFF which has not taken off in the way the solicitor side has.

Reform to solicitor training under the Solicitors' Qualifying Examination also means we are adapting the structure of JFF to help the social justice legal sector harness the potential benefits of SQE. Initial scoping work has been carried out this year which will inform how we take the scheme forward.

In the longer term, the key challenge to JFF is job insecurity and low pay in the social welfare legal sector. Funding pressures will be intensified as a result of the impacts of the pandemic on income and ongoing public funding pressures. The partnership with Community Justice Fund was important and helped to secure £4.3million to 40 organisations that are current or recent Fellow hosts. A good proportion of host organisations in new rounds have hosted Fellows before. However, we continue to support new organisations to host Fellows through TLEF's proactive encouragement of organisations that may not have previously considered applying to host a trainee.

We have funded a small number of Fellowships in private legal aid firms. The income of private firms has been particularly affected by coronavirus and these organisations have also been unable to access emergency funding available to not-for-profits. We will have to monitor this, given the importance to the field of the private legal aid sector.

Whilst the outcomes of the scheme so far are very positive, wider pressures are going to make sustaining this increasingly challenging. However, it is important to see beyond the headline figures to recognise that in the course of their work Fellows every day are making such valuable contributions at significant scale – delivering casework, carrying out research, collaborating with each other and with other organisations, developing new services, making strategic use of law in tribunals and higher courts, including up to the

Supreme Court, embracing communications activity, authoring regular articles in the press, and being interviewed about their work.

The Community Justice Fund

The Community Justice Fund (CJF) was established in March 2020 as a direct response to the coronavirus pandemic and the challenges posed to the legal advice sector and those it supports. The Foundation worked together with other independent funders, AB Charitable Trust, Access to Justice Foundation, Indigo Trust and Therium Access to develop a response that would act quickly and get funds to where they were needed. The independent foundations worked closely with a Steering Group made up of umbrella bodies and frontline organisations to develop this response.

Conscious that the effects of the pandemic would have effects beyond the first lockdown, support was envisioned in two waves. Wave one raised and distributed over £11.4 million from independent funders, the private legal sector, institutional funders including the National Lottery and the Ministry of Justice (MoJ). Last year, the Foundation contributed £250k to the fund and made aligned grants totalling £87k. The fund went on to support 179 organisations, grants ranging from £11k to £274k, with the average grant at £64k. Funding was flexible, with grants being used in a variety of ways including office adaptations, purchase of IT equipment to allow staff to move to remote working, salaries for existing staff who would otherwise be furloughed or lose their jobs, and increased staff time or new staff to meet demand.

In addition to grants, organisations have been offered training and consultancy support. A new Management and Leadership Programme was developed by experienced sector consultant Matt Howgate, who has worked closely with CJF, and Legal Aid Practitioners Group. So far, over 90 people from the funded organisations have signed up, representing a significant input of training into the field. Take up of consultancy offers has also been strong, with the biggest challenge being finding the capacity amongst specialist consultants (of which there are very few) to meet this demand.

Analysis of the wave one applications along with ongoing contact with funded organisations, reveals significant losses in income, principally from legal aid, and the majority of advice agencies have reserves well below Charity Commission guidelines. Although wave one funds have helped to reduce the impacts in this financial year, the sector is still facing cashflow cliff edges in 2021-22 due to a combination of ongoing reduced income, increased demand and challenges to service delivery. Advice agencies have told us of the importance of both continuing with crisis support to sustain and scale up services, while recognising there is longer-term work to strengthen access to justice over the next five to ten years. For example, succession planning is key in the longer term, but current staff also need to be supported right now.

TLEF has contributed considerable staff time and resource to the Community Justice Fund, and it has been a successful vehicle for furthering TLEF's strategic objectives. In particular, it has leveraged significant external funds towards the aims of our Stronger Sector programme, including the Justice First Fellowship and the Justice Together Initiative. Of the £11.6million awarded, 53 current or recent Foundation grantees have been awarded a total of £5.3million and 57 organisations involved in delivering immigration advice received £3.6million. We could not have delivered this scale of support to organisations that are key to our strategy if we had responded on our own.

Wave two of the fund is currently being administered and further planning and development will take place later in the year.

Use of the law by civil society organisations

The Foundation, along with Esmée Fairbairn Foundation, is a partner in the Baring Foundation's Strengthening Civil Society programme. The focus of this work is to support the use of law and human rights-based approaches by civil society organisations. It reflects the importance of law as a relevant tool for bringing about aims and objectives such as tackling discrimination and disadvantage as well as helping to safeguard the independence of civil society. Whilst there are examples of civil society organisations using legal tools effectively, use of the law and human rights-based approaches is far from consistent across the sector and many organisations see no link between these tools and their purpose, strategy and activities, or are wary of using them. This programme aims to boost engagement and to support organisations within broader civil society to embrace law and human rights-based approaches as effective tools for achieving change for individuals and communities. The programme is run as a combination of open application and proactive grants, with the Baring Foundation providing additional support to connect grantees and share learning. In June 2020, the Foundation made a further grant of £600k to this programme over three years.

The focus for the programme in the next year of grant making is on supporting expert legal hub organisations. Hubs are defined as civil society organisations which have specific and demonstrable legal expertise relevant to their social change goals; offer expert legal information, advice and / or representation to civil society organisations; and collaborate to support others to recognise when, where and how legal action can be an effective tool of social change and/or use legal action to achieve social change. The funding available is designed to help hub organisations to scale their activities to enable them to work with more civil society organisations to challenge discrimination and disadvantage and create long-term social change.

Fairer Systems: Transparency, accountability and the protection of rights

The Foundation's second strategic objective focuses on enshrining rule of law principles in key areas of public policy. Our Fairer Systems programme focuses on two linked issues:

1. Constitutional, administrative and public law implications of the UK's revised constitutional settlement following Brexit and emergency provisions in place to respond to Covid-19. We are particularly interested in work to increase the understanding of these changes to help ensure transparency, accountability and the protection of rights.
2. Automated decision-making by government – ensuring that government digital systems, processes and its use of data are clear, fair, and protect people's legal rights. We are particularly interested in the use of technology in relation to welfare benefits and immigration processes.

We are funding a range of activities across these two areas of focus, including:

1. Work to inform, advise, and support policymakers and decision-makers.

2. Co-ordination and networking between practitioners and organisations, including across sectors, to share learning and to increase effectiveness.
3. Building civil society organisations' wider skills and knowledge in relation to our two areas of focus (above).

A strong feature of work on constitutional, administrative and public law developments has been collaboration across the field of organisations being supported by the Foundation. An informal group of grantees including the Bingham Centre, the UCL Constitution Unit, the Institute for Government, the Hansard Society and Public Law Project have been meeting to consider constitutional changes, forthcoming changes to Judicial Review and implications for joint work. JustRight Scotland, the Human Rights Consortium (Scotland), Liberty, Equally Ours and The Public Law Project, as well as the Foundation itself, submitted responses to the Independent Human Rights Act Review consultation and the consultation on proposed changes to Judicial Review. Liberty has been leading and coordinating work on the discrimination and racism, data sharing and stop and search issues arising out of the Police, Crime, Sentencing and Courts Bill 2021.

Implications for the four nations of the UK of the Government's approach to constitutional review are also being examined by JustRight Scotland, the Human Rights Consortium (Scotland), the Committee on the Administration of Justice, the Human Rights Consortium (Northern Ireland) and the Wales Governance Centre.

Under this objective, since 2018, TLEF has developed a focus on the public and human rights law implications of the increasing use of automated and assisted decision-making technologies (ADM/ASDM) by public bodies. We have also funded experts in equality law to examine the issues raised by particular uses of automated and assisted decision making in the public sector. In June 2021, the Foundation convened a workshop on reforming the law around the use of automated and assisted decision making by public bodies which was intended to support the Law Commission in developing priorities for its 14th programme of law reform. The event highlighted the urgent need for reform, finding that as ADM/ASDM systems become more ubiquitous across the public sector, the limitations of these systems and the harms that can arise from their deployment are increasingly well recognised.

Four key sources of law together comprise the legal frameworks governing the use of ADM and ASDM systems by public sector bodies: (i) Data Protection law; (ii) Equality law; (iii) The common law of judicial review; and (iv) contract law. Together, the legal frameworks are complex, piecemeal and insufficient to secure transparency. They create uncertainty and increase the risk that ADM/ASDM systems will be deployed inappropriately, with negative consequences for individuals, public bodies and public funds. Mechanisms for seeking redress are also complex and expensive to access, and the actual redress available limited.

Smarter Justice: An enduring commitment to learning and evidence in the justice system.

Access to good quality data is fundamental to the development of evidence-based policy making, to the design of effective interventions, to monitoring the fairness and lawfulness of processes and to the ability to evaluate and compare initiatives that aim to improve people's ability to secure their rights, protections and fair-treatment. Whilst other sectors, including health and education, have made significant progress in improving the quality of and access to data for research to improve outcomes, the justice system has lagged behind.

The overarching aim of the Smarter Justice programme is to address this challenge. Lessons from our first strategic plan about the scale of work needed in this field led the Foundation to develop an approach that has moved from more traditional grant-making to a series of concerted direct delivery, engagement, and influencing activities. The primary vehicle for this is through the creation of a new strategic initiative, to be delivered by the Foundation, called Justice Lab UK.

The Lab is focusing on delivering the following four programmes over the period 2020-2025:

Programme 1	Improve the quality and availability of justice system data
Programme 2	Increase the volume of robust quantitative research into the justice system and pioneer the use of advanced research methods in the study of justice system processes
Programme 3	Increase capacity in the research community to design and deliver robust, innovative quantitative justice system research
Programme 4	Improve the uptake of robust evidence in the design and operation of the justice system

Over the past 18 months, work has primarily focussed on developing activity under programmes one and two and determining the organisational structure and staffing requirements of Justice Lab UK. Critically, the measures put in place to tackle the spread of coronavirus have resulted in significant changes to the justice system and wider economic and political landscape which have provided significant challenges as well as important opportunities for research.

A key moment was the December 2019 publication of the Foundation's report *Digital Justice*. This was the result of work carried out by Dr. Natalie Byrom, the Foundation's Director of Research, whilst on secondment to HMCTS. Since then, the Foundation has carried out a combination of detailed engagement with and support of relevant public bodies, as well as strategic influencing at every step.

Progress this year

A significant step this year was to secure HM Courts and Tribunal Service's commitment to the key recommendations in *Digital Justice*, along with securing £8million of public funding to support their implementation. One of these recommendations was to create a Senior Data Governance Panel aimed at improving the infrastructure for collecting and using data and advising the Lord Chancellor and Lord Chief Justice on matters relating to gathering and using justice system data. This is now in place, operating in shadow mode, supported by an expert Secretariat. It brings together senior judiciary, MoJ policy teams and civil society experts. Reform of the HMCTS Data Access Panel is also underway, with greater transparency about its membership and processes, alongside the plan to establish a public facing data catalogue which will make it easier for researchers to formulate research projects and receive timely decisions on access to data.

Securing progress has required the Foundation to make extensive efforts in policy engagement and influencing activity. As well as working very closely with officials and members of the judiciary, the Foundation has met and given evidence to the Public Accounts Committee and the House of Lords Constitution Committee. We have also built links with the strategy unit in No 10 which has been tasked with dealing with Covid-related backlogs. The Foundation's input in relation to the importance of data for making effective decisions on how best to deal with courts backlogs has gained significant traction and pushed courts and court data up No 10's agenda. Work to ensure that better data on the impact of remote hearings is gathered will continue to form a critical component of the Foundation's work programme.

Remote hearings

Relatedly, the Foundation's work on data infrastructure and the senior networks we had developed meant that we were uniquely placed to drive work to gather robust, timely information on the impact of remote hearings on key stakeholders in the justice system. Following work for the Civil Justice Council last summer, the Foundation was asked by the Senior President of Tribunals, to carry out research at the end of 2020 with over 1,500 tribunal judges looking at the impact of remote hearings in the tribunal system. It revealed serious issues relating to the ability of judges to make good decisions, perceptions of fairness amongst parties, the ability of parties to make their case and, within this, the importance of representation, levels of which have declined significantly. The resulting report was published in May 2021. Of concern was that, in spite of the scale with which remote hearings have been adopted, there are still large gaps in understanding of their efficacy and impact. There is very little data on the impact of remote hearings on outcomes, judicial decision making, and the experience of court and tribunal users. Objective data to assess the impact of remote hearings on the efficiency of the justice system is also lacking. The work reinforced for us the importance of consistent, robust data collection if the extent to which remote hearings provide a viable route can be robustly assessed.

Placing the justice system in wider work on data and digital systems

We have also looked to place all this work in the wider context of developments in data, seeking both to learn from work elsewhere as well as interest data specialists in understanding the relevance and importance of the justice system to a whole series of wider public policy outcomes. Productive connections have been established with funders such as ADR-UK, AHRC, Luminate, the Nuffield Foundation, and Open Society Foundations, and with organisations working on issues around data and digital rights such as Ada Lovelace Institute, Centre for Public Data, Fair Trials International, Foxglove, Privacy International, Open Democracy, the Open Data Institute, The Bureau of Investigative Journalism, The Turing Institute and the UK Statistics Authority. The Foundation also submitted evidence to the UK Statistics Authority consultation on inclusive data. More work is needed to strengthen interest in justice system data.

Another significant development under the Smarter Justice programme this year was the announcement in June 2021 of a recommendation in Digital Justice that the National Archives will take on responsibility for creating and maintaining a free comprehensive database of all court judgements delivered in England and Wales. The decision was widely welcomed, including by the British and Irish Legal Information Institute (BAILII), the current platform for publishing judgments, which has long advocated for an official repository of court judgments. The Foundation will be working closely with BAILII to assist the transition to The National Archives platform, as well as supporting BAILII's work, with further commentary and resources to help court users and other stakeholders.

Community data

We have also begun work to engage front-line justice organisations. In autumn 2020, the Foundation began scoping work for building sector capacity to collect and use data. This is important as the absence of good data undermines the ability of frontline organisations to identify trends, influence policy, inform the design and delivery of services and support research. Organisations also need support to engage with the challenges and opportunities presented by the expansion in digital government. Addressing these issues will take significant investment over a period of years. Previous work by the Foundation, in particular to strengthen the IT infrastructure of Law Centres across the UK, has created opportunities and close working relationships with Law Centres Network that will be of great value. Developing an effective programme of interventions to strengthen community data assets will also require consistent and expert leadership. As such, the creation of a permanent role within Justice Lab UK to design and lead this work was prioritised. In 2021, data expert Tracey Gyateng was appointed to the role of Community Data Principal at Justice Lab UK, following a period acting as a consultant for the Foundation.

Overall, the Foundation has made significant progress towards improving the quality and availability of justice system data held by the courts and tribunals service, establishing an international reputation for expertise in this space. Over the next year, there are opportunities to consolidate and build on this work as well as a number of ongoing challenges.

Diversity, equity and inclusion ('DEI')

The Foundation has a commitment to justice and fairness in its strategy and values, along with a commitment to the rule of law and tackling the structural and systemic biases that lead to discrimination and undermine equity and inclusion. We continue to take forward activity to ensure that the Foundation is pursuing best practice in this.

A working group made up of staff from the different areas of the Foundation (grants, strategy, policy, administration, governance and finance), supported by a sub-group of Governors, has produced and is overseeing delivery of an action plan looking across all aspects of the Foundation's work to ensure that our commitment to DEI is fully reflected in who we are, how we work and what we are trying to achieve as a Foundation.

The following set of principles has driven this work. DEI should:

- Be integral to our vision, mission and how we work;
- Be positive and constructive – framed around our existing commitment to justice and fairness – at the same time as being alive to injustice;
- Involve us challenging discrimination and bias, including our own;
- Account for the difference between equity and equality i.e. recognise the extra steps needed to achieve equal outcomes;
- Account for the structures, attitudes and practices that act against justice and fairness and the ways these often operate together and reinforce barriers to progress;
- Account for the local, complex, dynamic and inter-connected nature of these issues;
- Be meaningful, purposeful and intentional and not about performative allyship; and that we should
- Be held to account on delivery.

JUSTICE COLLABORATIONS

The Foundation's subsidiary charity, Justice Collaborations (charity number: 1187441), provides a vehicle for hosting joint programmes with other foundations. Justice Collaborations was formed in 2019 as a result of discussions between The Legal Education Foundation and a number of independent funders in the UK. The initial work of Justice Collaborations is the Justice Together Initiative which, through grant making and collaboration, is building a community of people and organisations with diverse backgrounds, strengths, and experience to transform access to justice in the UK immigration system.

By the end of June 2021 grant awards of over £9 million had been committed to the initiative by a number of organisations, including The Legal Education Foundation. The first grant round has been completed this year awarding grants totalling £3.1million. Further information about the Justice Together Initiative can found at <https://justice-together.org.uk/>.

PRIORITIES FOR 2021-2022

The Foundation will:

- Develop our work under the three objectives of the 2020-2025 strategic plan - Stronger Sector, Fairer Systems and Smarter Justice. Applications to Stronger Sector and Fairer Systems will be considered in two grants round in 2021-2022.
- Continue to deliver and develop the Justice First Fellowship programme including planning for the introduction of the Solicitors Qualifying Examination.
- Undertake proactive collaboration, grant-making and advocacy in wider pursuit of our strategic objectives, especially in response to issues arising from the ongoing impacts of the pandemic.
- Take forward the work programme of the Justice Lab.
- Develop further the Justice Together Initiative delivering two grants rounds in the coming financial year and supporting collaboration and learning with new grant partners.
- Develop further the Foundation's practical commitment to promoting diversity and racial justice

FINANCIAL REVIEW

Results for the Period

The Financial Statements for the period are set out on pages 33 to 63. These show that the Group had net expenditure before investment gains for the year of £5.7 million (net income £2.8 million in 2020).

The equivalent figures for the Foundation on a standalone basis are net expenditure before investment gains of £5.1 million in 2021 and £3.3 million in 2020.

All of the Foundation Group's assets are held for the purpose of meeting the Foundation and its subsidiary's charitable objects.

There were no significant financial events during the year that impacted the Foundation's strategy for meeting its objectives. The investment asset allocation of the Capital Fund is based on being able to deliver a real return

of 3.5% per annum over a period of seven or more years. A long period of world equity market decline would however endanger this target and may require the Governors to reconsider their annual expenditure. The Covid-19 pandemic did impact asset market values during 2020, with the Capital fund falling £12 million by the end of the year compared with the starting value although this was after taking £7.7 million for grant and operational expenditure. There was however a more than full recovery in 2021 with the value of the Capital Fund being £58 million higher as at 30 June 2021 compared to 30 June 2020 after having taken £8.05 million for grants and operational expenditure during the year. More information can be found at Note 7 on page 45.

Principal funding sources

The principal source of funds for the Foundation is the return on the Capital Fund. In addition, the Foundation has been awarded restricted grants from other organisations to the value of £561k (£394k in 2020) in the year.

The principal source of funds of the Foundation's subsidiary is restricted grants from other charitable foundations and organisations (2021: £2.7 million; 2020: £6.25 million). It is planned that these funds will be spent over the next 3-5 years in line with the various grant agreements with donors. The first grants round took place in 2021.

Cash flow and cash levels

The Foundation's investment strategy is constructed on a total return basis. The Foundation is entirely funded from its investments and grants from other organisations.

In the financial year to 30 June 2021, £8.05 million (£7.7 million in 2020) was taken from the Capital Fund for grant and operational expenditure.

Cash balances in the Foundation as at 30 June 2021 were £12.2 million (£19.9 million in 2020). Of this sum £6.4 million is earmarked for long-term investment (£15.2 million in 2020) and the balance of £5.8 million (£4.7 million in 2020) is held to fund working capital including grant commitments.

A further part of the Foundation's working capital is held in a portfolio of sterling, investment grade, short dated corporate bonds. The value of these bonds is included in Current Asset Investments (Note 9) at a market value of £4.8 million as at 30 June 2021 (£4.8million in 2020). It is the intention to hold each bond until its maturity.

In addition, cash balances in the subsidiary as at 30 June 2021 were £3.2 million (£0.5million in 2020). Cash balances in Justice Collaborations are maintained at a level sufficient to meet its current liabilities.

The Governors have noted that liquidity levels are projected to remain adequate for all operational and currently planned grant expenditure purposes.

Treasury management

Treasury activities are undertaken under defined procedures, which are approved by the Audit Committee, and policies and limits, which are approved by the Investment Committee. The Foundation aims to maximise

its return on any liquid funds mostly through, short term corporate bonds, referred to above, and short-term fixed deposits subject to the proviso that these deposits are only placed with financial institutions whose credit rating meet standards approved by the Investment Committee. During the year these remained as being institutions with a AA long-term credit rating or an institution defined by H M Government as systemically important.

Pensions

Although the Foundation sold the legal education and training operation of The College of Law on 30th November 2012 it has retained employer responsibility for the College of Law Pension and Assurance Scheme (COLPAS) which is a defined benefit scheme. It was closed to new entrants in 2019 and closed for future accrual of service by active members as from 31st August 2021.

The most recent full Triennial Actuarial Valuation of COLPAS as at 1st August 2018 showed a surplus, on the Statutory Funding Basis, of £27.5 million. The COLPAS Trustees have been continuing a Liability Driven Investment Strategy with the objective of reaching a full buy-out basis over the medium term. Its assets are invested in bought-in annuities, gilts, leveraged gilts, corporate bonds, asset backed credit, private credit and cash. No assets are held in equities.

The Foundation uses four measures of pension scheme valuation. The Scheme Actuary has extrapolated figures from the last full Actuarial Valuation, together with actual data where known, to provide the figures set out below:

Basis	30 June 2021		30 June 2020	
	Funding %	Surplus/(Deficit) £Million	Funding %	Surplus/(Deficit) £Million
Statutory Funding	107	18.4	110	26.4
FRS102 Valuation	122	45.4	131	63.3
Solvency	91	(25.6)	90	(33.0)
Pension Protection Fund	137	70.6	134	71.6

Reserves policy

It is the Governors' policy to maintain the Fixed Asset Investments, otherwise known as the Capital Fund, at £200 million in real terms based on 30 November 2012 and for the Fund to provide a sustainable amount for grant and other expenditure purposes each year over the long term. At 30 June 2021 the value of the Capital Fund was £289.9 million compared to a target maintained real value of £247.6 million. This provides a small cushion following a period of asset growth, which is not expected to continue, and could reduce over the coming years.

The chart on page 19 shows the movement in value of the Capital Fund since inception against this target.

The general funds, after deducting the pensions liability, are the free reserves of the Foundation. The balance on restricted funds at 30 June 2021 was £5.6 million (£6.2 million in 2020).

	Group £000's	Foundation £000's
Total Funds	294,785	289,323
Less: Restricted Funds	(5,556)	(94)
General Funds	<u>289,229</u>	<u>289,229</u>
Less: Amount held for Pension Liability	(2,847)	(2,847)
Free Reserves	<u>286,382</u>	<u>286,382</u>

It is the Governors' policy that the free reserves should increase to reach the value of the capital fund over the long term. As the pension liability (£2,847k; see Note 14) is expected to reduce as a result of payments over a period of more than 10 years, the Governors do not consider that any immediate action to reduce the current shortfall is required.

The Governors and the Finance and General Purposes Committee monitor the level of reserves throughout the year by reference to forecasts provided to them which include calculations and commentary on reserve levels.

INVESTMENT MANAGEMENT AND PERFORMANCE

Investment policy

The Foundation's investment policy is intended to provide long term stability and liquidity sufficient to maintain the real value of the capital fund after transferring funds for grant and other expenditure each year.

The Foundation's Investment Policy Statement sets out the parameters within which the Investment Committee and Investment Advisers must operate to do this.

The Governors have approved a grant and operational expenditure budget of £9 million for the Foundation for the period to 30 June 2022. This sum will be taken from the capital fund during the year.

Review of Investment management

During the year, the Investment Committee undertook a review of the way that the Foundation's capital fund is managed. There were three main reasons for the Committee undertaking this review,

- It was considered that the current advisory basis of management was not the most appropriate particularly in such a challenging investment period and that a full discretionary basis would be more appropriate.
- There had been a number of new entrants to the charity Investment management field over the last eight years since Cambridge Associates was first appointed to advise on the investment of the Foundations portfolio.
- As a matter of good practice, all aspects of a current appointment should be reviewed every three to five years and the last review was in 2017-2018.

The Committee had support in undertaking its review from the specialist advisory firm JPFM Ltd.

As a result of a detailed analysis of the overall charity Investment management market and presentations by three potential managers it was decided to recommend that the Governors appoint Sarasin & Partners.

An agreement has been signed with Sarasin & Partners to manage the Foundations capital fund on a discretionary basis. The liquidation of current holdings and the transfer of the proceeds for reinvestment is planned for September 2021, except for two illiquid investments which will be liquidated and transferred as soon as holding exit dates are reached.

Throughout the year the Investment Committee has also been holding its regular quarterly meetings with Cambridge Associates. These are held in order monitor performance, markets and the investment background as well as to agree portfolio changes; something that has been particularly challenging because of the pandemic.

Having joined the Principles of Responsible Investment in 2019, the Foundation was pleased to submit its first annual report covering the year to 31st December 2020 in Spring 2021.

Investment policy statement

The Investment Policy Statement covers the following main areas:

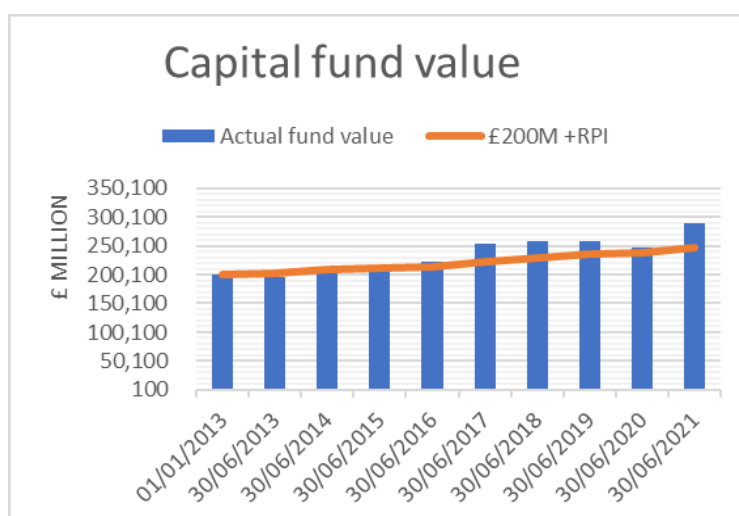
- The intention over the medium term to maintain the real value of the Capital Fund.
- The aim to provide over the long-term an annual sum equal to 3.5% of the Capital Fund for grant and operational expenditure.
- The Foundation's attitude to risk.
- The Foundation's commitment to responsible investment.
- The strategic asset allocation.
- Liquidity requirements.
- The Investment portfolio is to be managed on a total return basis.

The Investment Committee consider and approve the investment managers which are recommended by Cambridge Associates to be appointed for each element of the asset allocation strategy.

Investment Performance

Cambridge Associates prepares a detailed reporting pack each quarter to enable the Investment Committee to monitor performance against selected benchmarks and to report on progress to the Governors.

The graph below shows the actual value of the capital fund compared to the amount that would be required to maintain its real value. It should be noted that whilst the capital fund value at 30 June 2021 was ahead of its target, the period since its creation is only 8 years and it is likely that there will be greater volatility in future years. The Foundation has also been advised by Cambridge Associates that returns over the next ten years are expected to be lower than in the past owing to the relatively high level from which valuations of growth assets start.



The table below shows the performance of the investment portfolio against the long-term target. It must be remembered that these periods are less than a full investment cycle and under what have been mostly favourable investment conditions.

	Portfolio Return	Retail Price Index	Over/(Under)
Performance Over (annualised)	%	%	
1 Year to 30 June 2021	21.0	3.9	+17.1
3 Years to 30 June 2021	6.9	2.6	+4.3
Since Inception (2013) to 30 June 2021	7.2	2.5	+4.7

Asset allocation

The medium-term target is to have 75% of assets in growth drivers in order to generate the returns set out in the investment policy statement. The current allocation and changes since last year can be seen in the table below.

Asset Class	2021	2020	Change
	%	%	
Growth Drivers			
UK Equities	-	9.0	(9.0)
Global Equities	71.5	56.5	15.0
Emerging Markets	7.1	11.4	(4.3)
Total Growth Drivers	78.6	76.9	
Diversifiers	9.9	11.7	(1.8)
Inflation Sensitive	4.9	5.2	(0.3)
Deflation Hedging	6.6	6.2	0.4
Total Assets	100.0	100.0	

Environmental, social and governance factors in investments

The Foundation has confirmed its commitment to environmental, social and governance (ESG) in its investment policy. In addition to becoming a member signatory of the United Nations Principles for Responsible Investment (PRI) it also monitors all funds in which it has holdings for their engagement in ESG matters and takes these into account when making and managing investments.

Each of the investment managers with which the Foundation has invested take environmental, social and governance factors into account when making investments. Fourteen of these managers are signatories to the PRI and as such they are required to report to PRI on their ESG activity in detail on an annual basis. An annual report on investment managers' work in relation to ESG matters is considered by the Investment Committee and also made to the Governors. A number of the managers are also members of other bodies that promote engagement with companies in which they invest with regard to ESG as a senior management responsibility and to plan and report annually on their engagement in promoting these factors. It should be noted that the Foundation only invests through funds and not directly in any individual equity holdings.

Holdings

An analysis of the Capital Fund holdings is provided at Note 7 on page 45.

Statement of Governors' Responsibilities

The Governors are responsible for overseeing the preparation of the Annual Report and Accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Foundation and of its incoming resources and application of resources for that period. In preparing these financial statements the Governors are required to:

- Select suitable accounting policies and then apply these consistently.
- Observe the methods and principles in the Charities Statements of Recommended Practice (SORP).
- 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 the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in existence.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Foundation and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the Foundation's by-laws. They are also responsible for safeguarding the assets of the Foundation and consequently for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors confirm that:

- So far as they are aware there is no relevant audit information of which the Foundation's auditor is unaware.
- They have taken all steps that they believe they ought to have taken as Governors and Trustees in order to make themselves aware of any relevant audit information and to establish that the Foundation's auditor is aware of that information.

RISK MANAGEMENT

Overall

The Governors are responsible for identifying, managing and monitoring the risks facing the Foundation and its subsidiary and for mitigating these risks so as to arrive at an acceptable risk appetite.

A risk register is maintained which lists and ranks all identified risks via a traffic light system that shows gross and net risk for each identified item of risk. The register also identifies responsibilities for action and the timing of the next review of each risk. A summary and the full register are considered at each Audit Committee meeting. The register includes a separate section for the risks associated with the subsidiary, Justice Collaborations.

The Governors receive the summary paper at each meeting and consider the full risk register once a year.

In addition to the principal residual risks described below, the Investment Committee have this year considered the risks associated with a change of Investment manager. Whilst significant risks have been identified, they are short term and the Committee has agreed steps to minimise those.

Principal residual risks

Loss of key staff

This risk is mostly mitigated by documenting all key policies and procedures as well as by having job descriptions for each role.

Long term decline in value of the Capital Fund.

This risk is managed by the Investment Committee with the support of investment advisers. There is regular on-going review of the strategic asset allocation, investment strategies and investment managers and ongoing market and manager updates including meetings with managers. Annual reports on due diligence reviews are also undertaken by the Investment Committee. The levels of stock and industry concentration as well as currency exposure, are monitored quarterly. Policies and restrictions to help manage these risks are included in the Investment Policy Statement.

Cyber security

A regular external review of the processes and procedures in place and their operation together with the physical protections put in place, is undertaken and reported to the Audit Committee. Insurance cover is in place to cover the cost of recovery from a cyber-attack.

The Governors have taken steps, including implementing systems and procedures, which have been externally reviewed, to mitigate each of these risks to reduce their impact and these are documented in the Risk Register. The main residual risks are listed above. In each case steps have been taken to reduce the likelihood balanced against the cost and impact of reducing these risks further.

The Audit Committee reports annually to the Governors on the internal controls in place.

Insurance cover is reviewed annually with brokers to ensure that, wherever appropriate, risk is covered.

Investment attitude to risk

The key risk to long-term sustainability of the Foundation is inflation and the assets are invested to mitigate this risk over the long term. The Governors understand that this is likely to mean that investment will be focussed on real assets and that the capital value will fluctuate.

The Governors are able to tolerate volatility of the Capital Fund provided the Foundation is able to meet current expenditure from the real return on its assets.

The Foundation recognises that leverage is an integral part of some investment strategies but acknowledges that this can substantially increase the risk in the portfolio. Overall leverage is therefore targeted to be modest.

Exposure to any single actively-managed fund does not exceed 10% of portfolio assets. The purpose of this diversification is to provide reasonable assurance that no manager could have a disproportionate negative impact on the portfolio's aggregate results. The Investment Committee also monitors the largest 10 holdings of each fund manager in order to identify any large combined-holdings in any one equity.

GOVERNANCE

Governors

The ultimate control of the Foundation is vested in the Governors who are also the Foundation's Trustees. They are appointed by the Members of the Foundation. Day-to-day control of the Foundation is exercised by a management team led by the Chief Executive who is appointed by the Governors.

The Governors normally meet five times during the year, with additional meetings taking place if necessary. The Governors devote each meeting to considering strategic issues in addition to receiving update reports from the Chairs of each committee and a progress report from the Chief Executive.

The Governors undertook a review of their effectiveness during the previous year and decided that, in order for them to devote more time to strategy development and monitoring, further responsibilities should be devolved to the committees.

The Foundation's financial regulations specify authorisation limits for budget holders, with material transactions being approved by the Governors or committees. In addition, formal treasury policies are in place.

The Governors have five committees to oversee, monitor and approve actions on the major areas of the Foundation's activities and responsibilities. The terms of reference of each committee are reviewed on a regular basis to ensure that they remain appropriate to the Foundation's needs.

The Governors take steps to ensure that they work as an effective team, using the appropriate balance of skills, experience, backgrounds and knowledge to make informed decisions. They can access independent professional advice, such as legal or financial advice, at the Foundation's expense if needed.

The Governors and those who served as such at any time during the financial year, together with details of their Committee memberships as at the approval date, 13th October 2021, are shown on page 26. Further details on each Governor can be found on our website:

<https://www.thelegaleducationfoundation.org/about-the-legal-education-foundation/governors>

Recruitment of Governors

A skills audit of the Governing Board is undertaken on a periodic basis to identify the skills needed in order for the Foundation to be able to consider, monitor and approve its Strategic Plan. Recruitment and re-appointment of Governors is based on this need.

When considering the recruitment of a Governor, the Nominations Committee decides the most appropriate recruitment method to use. Normally this is by recruitment consultants advertising the role and inviting applications. The Nominations Committee then considers a long list of candidates and selects a shortlist of applicants for interview before making a recommendation to the full governing Board, which after consideration makes a recommendation to the Members.

The Foundation aims to recruit Governors with diverse backgrounds and skills.

Induction and training of Governors

New Trustees are provided with an induction programme during which they have the opportunity to meet with the key management and the Secretary. They are also made aware of:

- the responsibility of Trustees
- the Foundation's Constitution
- the latest financial statements
- the Committees and decision-making processes
- the plan for meeting the Foundation's Object

- the Foundation’s risk register
- the Foundation’s charity governance checklist.

Training requirements are identified as part of the skills audit review and a programme of training for the following year was considered by the Nominations Committee in September 2021.

Charity Governance Code

The Foundation is committed to best practice in governance. The Audit Committee undertakes an annual review of compliance with the Charity Governance Code. The results of the review have confirmed that the Foundation and its subsidiary continue to comply with the Charity Governance Code.

The Foundation continually reviews ways to further improve its governance and focusses on the areas of the code where this can best occur.

The Governors have supported the senior management in the creation of a diversity, equity and inclusion working group. The activities of this group are reported to the Governors’ Board meetings and to the Senior Management Team and will support the objective of continuing to improve governance practice in this area in line with the revised Diversity section of the Code.

The Justice Together initiative, run by Justice Collaborations, has been developed with a commitment to equity and human rights, inclusion and anti-racism at its core. It has a dedicated Anti-Racism Working Group and is working with an expert consultant.

Conflicts of interest

The Foundation's conflicts of interest policy requires Governors, executives and advisers to declare any interest which could give rise to conflict of interest. They are required to exempt themselves from all relevant decisions which may involve a transaction with a related party or in which they may have a conflict of interest although they can take part in general discussion on the area concerned at Governors’ meetings. At Grants, Programmes and Learning Committee meetings, members of the Committee are required to recuse themselves from both discussion and decision when an item on which they are conflicted is being discussed.

Fundraising

The Foundation has not entered into contracts with central or local government to deliver services nor has it received grants from central or local government. All restricted funds have been received from other charitable organisations or law firms. It does not raise funds from the public and therefore has not subscribed to any fundraising standards or scheme for fundraising regulation.

The Foundation is aware of the regulations and has nothing further to disclose under the provisions of section 13 of the Charities (Protection and Social Investment) Act 2016.

Audit Committee

The Audit Committee normally meets three times a year. In addition to the Governor Members there is a professionally qualified accountant external member. The Chair is required to have a wide business background. The auditors, who attend each meeting, also have a separate meeting with the committee once a year without any Foundation staff present.

The terms of reference of the committee include a critical review of the annual report and financial statements prior to submission to the Governors for approval, as well as monitoring the effectiveness of the internal control systems and reviewing risk management policies, systems and the Risk Register. The committee is also responsible for considering the appointment, resignation or dismissal of the external auditors. The committee makes a written report on its compliance with its terms of reference and on internal controls and the risk register to the Governors on an annual basis.

Investment Committee

The Investment Committee normally meets four times a year. In addition to the Governor Members there are two additional professionally qualified external members.

Its terms of reference include overseeing the implementation of the Investment Strategy Policy and monitoring investment performance and recommending the amount to be made available to the Foundation for grant and operational expenditure each year.

Finance and General Purposes Committee

The Finance and General Purposes Committee meets at least four times a year and is responsible for reviewing and approving budgets, forecast and other financial projections. It is also responsible for:

- remuneration and benefits for staff
- pension matters
- property matters
- reserves policy
- such other matters as are referred to it by the Governors.

Grants, Programmes and Learning Committee

The Grants, Programmes and Learning Committee normally meets at least twice a year. It also takes decisions on individual grants by email between meetings and it receives regular updates throughout the year.

The committee oversees the implementation of the policy and criteria agreed by the Governors for the award of grants and considers each application for grant and makes recommendations to the full governing body for any awards of over £350k. The committee has delegated authority to the Executive to award individual grants of up to £50k with a maximum total amount of all such grants in any one year of £650k. A report on each of these grants is made to the committee and each grant is reported to the Governors at their next meeting.

The committee is also responsible for monitoring progress against the Foundation’s research and learning strategy and its policy and public affairs strategy and reporting on these to the Governors. It also reviews and approves the planned Annual work plans for each of these areas of activity for the coming year.

The committee also receives a report at each meeting providing an analysis of each grant final report which measures the effectiveness of each grant. A separate report is made to each meeting regarding any grantee at risk.

Nominations Committee

The Nominations Committee normally meets three times a year. Its main responsibilities are overseeing the processes for assessing the balance of skills, knowledge, experience and diversity of the Governing Board and the recruitment, appointment and re-appointment of Governors as well as the Chairmanship and the membership of committees. It is also responsible for succession planning.

The policy is for Governors to be appointed for a period of three years with re-appointment being for a maximum of a further six years, so that each Governor serves for no longer than nine years other than in exceptional circumstances. For Governors who were appointed before the College of Law operation was sold, the period of appointment is regarded to have commenced at the November 2012 AGM.

Staff Remuneration

The remuneration of senior management, the Chief Executive and the Deputy Chief Executive, is decided following detailed advice from recruitment and remuneration consultants.

The remuneration of Foundation staff is decided by the Finance and General Purposes Committee.

Governors and Senior Personnel

The Governors and those who served as such at any time during the financial year, together with details of their committee memberships as at 13 October 2021, are shown in the following table.

Committee membership at 13 October 2021

	Audit	Grants, Programmes and Learning	Investment	Nominations	Finance & General Purposes
Guy Beringer (Chairman)					Chair
David Armstrong (left 24.11.20)					
Rupert Baron			Chair		
Ailsa Beaton			X	Chair	
Timothy Dutton (left 31.5.21)					
Roger Finbow - Deputy Chair	Chair			X	
Jonathan Freeman		X		X	
Vivek Luthra			X		X
Alison Pickup		X			
Jane Reeves (left 25.11.20)					
Monica Risam	X			X	
Hetan Shah (appointed 19.2.21)		X			
Rupen Shah (appointed 19.2.21)	X				
Paddy Sloan - Chair elect (appointed 26.10.20)		Chair		X	
Alex Temple (appointed 7.7.21)		X			

In addition:

Kirsty Garrison is a professional accountant external member of the Audit Committee.

Lord Charles Hemphill and David Haysey are professional investment external members of the Investment Committee.

Cullagh Warnock is an external member of the Grants, Programmes and Learning Committee.

Key Management personnel:

For the purposes of compliance with the Charities SORP, Key Management personnel are identified as the Trustees, Matthew Smerdon (Chief Executive) and Alan Humphreys (Deputy Chief Executive and Finance Director).

A full list of all current staff members can be found on the Foundation’s website.

Acknowledgements

The Governors would like to acknowledge their thanks to the Foundation’s staff who have shown great commitment to the charity’s vision and values in a year where the pandemic has had such an impact on us all. This has required great dedication and resolve on the part of our staff and the Governors are very grateful to them all.

Tim Dutton, Jane Reeves and David Armstrong all finished their terms of office as Governors of the Foundation during 2021. They have each served the foundation with great skill and energy and we thank them all for their years of service to the Foundation.

Approved by the Board of Governors on 13 October 2021.



Guy Beringer
Chairman

Independent Auditor's Report to the Governors of the Legal Education Foundation

Opinion

We have audited the financial statements of The Legal Education Foundation (the 'parent charity') and its subsidiary (the 'group') for the year ended 30 June 2021 which comprise the Consolidated Statement of Financial Activities, the Statement of Financial Activities of the Individual Parent Charity, the Group and parent charity Balance Sheets, the Consolidated Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 charity's affairs as at 30 June 2021 and of their incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' Report; or
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Governors' responsibilities set out on page 20, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees 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 Trustees are responsible for assessing the group's and parent charity'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 Trustees either intend to liquidate the group or parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Charities Act 2011, the parent charity's governing document, the Royal Charter and the Foundations By-Laws. We performed audit procedures to

detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report and remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

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

A further description of our responsibilities for the audit of the financial statements is provided 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 charity's Trustees as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustees 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
Statutory Auditor
Chartered Accountants
Davidson House
Forbury Square
Reading
Berkshire
RG1 3EU

Date *29 October 2021*

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Consolidated Statement of Financial Activities for the Year Ended 30 June 2021

	Note	2021 Unrestricted £'000	2021 Restricted £'000	2021 Total £'000	2020 Unrestricted £'000	2020 Restricted £'000	2020 Total £'000
Income							
Investments	2	2,572	-	2,572	3,278	-	3,278
Donations and Legacies	2	-	2,736	2,736	-	6,645	6,645
Other	2	-	-	-	375	-	375
Total Income		2,572	2,736	5,308	3,653	6,645	10,298
Expenditure on:							
Raising Funds (investment management costs)	5	258	-	258	160	-	160
Charitable activities	5	7,378	3,390	10,768	6,520	776	7,296
Other	5	17	-	17	47	-	47
Total	5	7,653	3,390	11,043	6,727	776	7,503
Net (expenditure)/income before investment gains & losses		(5,081)	(654)	(5,735)	(3,074)	5,869	2,795
Net gains/(losses) on Investment	7,9	48,694	-	48,694	(7,190)	-	(7190)
Net income/(expenditure)		43,613	(654)	42,959	(10,264)	5,869	(4,395)
Other recognised Gains and Losses:							
Actuarial (loss)/gain on defined benefit Pension Scheme	14	(17,721)	-	(17,721)	5,951	-	5,951
Restriction of movement on Pension Scheme Asset	14	17,659	-	17,659	(6,180)	-	(6,180)
Net movement in Funds		43,551	(654)	42,897	(10,493)	5,869	(4,624)
Reconciliation of Funds							
Total Funds brought forward	13	245,678	6,210	251,888	256,171	341	256,512
		289,229	5,556	294,785	245,678	6,210	251,888

The Statement of Financial Activities includes all gains and losses recognised in the year. The notes on pages 37 to 63 form part of these financial statements.

Statement of Financial Activities of the Individual parent charity for the
Year Ended 30 June 2021

	Note	2021 Unrestricted £'000	2021 Restricted £'000	2021 Total £'000	2020 Unrestricted £'000	2020 Restricted £'000	2020 Total £'000
Income							
Investments	2	2,572	-	2,572	3,278	-	3,278
Donations and Legacies	2	-	561	561	-	395	395
Other	2	139	-	139	411	-	411
Total income		2,711	561	3,272	3,689	395	4,084
Expenditure on:							
Raising Funds (investment management costs)	5	258	-	258	160	-	160
Charitable activities	5	7,516	536	8,052	6,557	667	7,224
Other	5	17	-	17	47	-	47
Total	5	7,791	536	8,327	6,764	667	7,431
Net (expenditure)/income before investment gains & losses		(5,080)	25	(5,055)	(3,075)	(272)	(3,347)
Net gains/(losses) on Investment	7,9	48,694	-	48,694	(7,190)	-	(7,190)
Net Income/(expenditure)		43,614	25	43,639	(10,265)	(272)	(10,537)
Other recognised Gains and Losses:							
Actuarial (loss)/gain on defined benefit Pension Scheme	14	(17,721)	-	(17,721)	5,951	-	5,951
Restriction of movement on Pension Scheme Asset	14	17,659	-	17,659	(6,180)	-	(6,180)
Net movement in Funds		43,552	25	43,577	(10,494)	(272)	(10,766)
Reconciliation of Funds							
Total Funds brought forward	13	245,677	69	245,746	256,171	341	256,512
	13	289,229	94	289,323	245,677	69	245,746

The Statement of Financial Activities includes all gains and losses recognised in the year. The notes on pages 37 to 63 form part of these financial statements.

Balance Sheets as at 30 June 2021

	Note	Group 30 June 2021 £'000	Foundation 30 June 2021 £'000	Group 30 June 2020 £'000	Foundation 30 June 2020 £'000
Fixed Assets					
Fixed Asset Investments	7	289,946	289,946	246,665	246,665
		289,946	289,946	246,665	246,665
Current Assets					
Debtors	8	6,732	1,383	7,067	1,406
Current Asset Investments	9	10,448	10,448	9,539	9,539
Cash at bank and in hand		3,212	25	534	25
		20,392	11,856	17,140	10,970
Creditors due within one year	10	(7,595)	(6,460)	(5,526)	(5,498)
Net current assets		12,797	5,396	11,614	5,472
Total assets less current liabilities		302,743	295,342	258,279	252,137
Creditors due after more than one year	11	(5,111)	(3,172)	(3,474)	(3,474)
Net assets excluding pension liabilities		297,632	292,170	254,805	248,663
Pension liability	14	(2,847)	(2,847)	(2,917)	(2,917)
Net Assets		294,785	289,323	251,888	245,746
Funds					
General funds		292,076	292,076	248,595	248,594
Less: pension liability	14	(2,847)	(2,847)	(2,917)	(2,917)
General funds after pension liability		289,229	289,229	245,678	245,677
Restricted funds	13	5,556	94	6,210	69
Total Funds	13	294,785	289,323	251,888	245,746

Approved and authorised for issue by the Board of Governors on 13th October 2021



G Beringer (Chair of Governors)



R Finbow (Chair of Audit Committee)

The notes on pages 37 to 63 form part of these financial statements.

Consolidated statement of cashflows

	Note	30 June 2021 £'000	30 June 2020 £'000
Cashflows from operating activities:	20	(4,789)	(6,413)
Cashflows from investing activities:			
Dividends, interest and rents from investments		2,962	3,801
Proceeds from sale of investments		57,132	38,635
Purchase of investments and bonds		(51,647)	(33,819)
Net cash provided by investing activities		8,447	8,617
Change in cash and cash equivalents in the reporting period:		3,658	2,204
Cash and cash equivalents at the beginning of the reporting period		5,281	3,077
Cash and cash equivalents at the end of the reporting period		8,939	5,281

Cash and cash equivalents include cash at bank and in hand £3,212k (£2020: £534k) and cash held in short term deposit accounts £5,727k (2020: £4,747k).

Notes to the Accounts

1. Accounting policies

a. Principal policies

The financial statements of the charity, registered in England and Wales, which is a public benefit entity under FRS 102, are prepared under the historical cost convention as modified by the revaluation of investments and in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland (FRS102) (effective 1 January 2019) and the Charities Act 2011.

The functional currency of the Foundation is GBP (sterling). The legal status of the Foundation is that of a Royal Charter Charity.

The accounting policies and estimation techniques have been applied consistently from prior years. A review of the Foundation's activities is set out in the Governors' Report on pages 2 to 19. A review of the financial position of the Foundation, its cash flows, liquidity position and investment position are set out in pages 14 to 20. The Foundation produces an annual business plan and the Governors are satisfied that the Foundation can meet its operational plans from its own resources.

The Foundation has considerable liquid financial resources and it also has no borrowings. As a consequence, the Governors believe that the Foundation is well placed to manage its operating risks successfully and is a going concern.

The Foundation, through its Investment Committee, reviews at each meeting the credit rating of all institutions with which it deposits funds and also reviews the portfolio for credit risk.

The charity has taken advantage of the exemptions in FRS 102 from the requirements to present a charity only cash flow statement and certain disclosures about the charity's financial instruments.

b. Basis of consolidation

The consolidated statement of financial activities, the consolidated balance sheet and the consolidated cash flow statement included the financial statements of the Foundation and its subsidiary undertaking (Justice Collaborations) up to 30 June 2021, using the line by line method. Intra group transactions are eliminated fully on consolidation. The total and net income for the Foundation for the year are shown on page 34.

c. Income

Investment income comprises income from investment funds, fixed income bonds, short term fixed deposits and cash funds. Interest on deposits and cash funds is recognised on an accruals basis. Dividends are recognised from the ex-dividend date when they become receivable.

Donation and Legacy income comprises restricted funds received from external donors for specific programmes as disclosed in Note 13. This income is recognised when the organisation is entitled to the income, receipt is probable, and the amount can be reliably measured.

d. Investment assets

Investments are initially recognised at cost and valued at closing market prices ruling at the balance sheet date which give rise to unrealised gains and losses during the period. These amounts are included under “net gains/(losses) on investment” in the Statement of Financial Activities, which also reflects the difference between the net proceeds from sale of investments and mid-market value at the previous period end.

Net liquid resources comprise cash held in deposit accounts as part of long-term investment planning.

e. Tangible fixed assets

All tangible fixed assets costing over £5,000 are capitalised. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life.

Depreciation is charged when an asset is brought into use at the following rates:

Furniture and equipment: 20-50% of cost per annum.

Assets that are impaired in value are written down to their impaired value.

f. Leases

Operating lease expenses are charged to the Statement of Financial Activities over the life of the lease on a straight-line basis.

g. Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Raising funds

This heading includes the investment management costs (Cambridge Associates Ltd in the period to 30 June 2021), the cost of any other advice relating directly to the investment portfolio and an allocation of staff time in dealing with the Foundation’s investments on a day-to-day basis.

Charitable activities

The costs under this heading are further split between Grants, Grant-making and research, Other direct costs and Governance in Note 5. Staff costs are allocated to these subheadings based on an estimate of time spent on each activity.

Grants are charged to the Statement of Financial Activities when the award is communicated to the recipient and thereby a constructive obligation arises.

Grant-making and research costs include costs of research commissioned and/or carried out by the Foundation, grantee events, costs directly associated with the Justice First Fellowship and Future Advice programmes and an allocation of staff time spent on grant awarding and monitoring.

Other direct costs include office rent and expenses, IT maintenance and website development, insurance and an allocation of staff time spent on support functions including bookkeeping and statutory reporting.

Governance costs include costs of audit fees and costs associated with the functions of the Governors and the cost of the external advisor to the Audit Committee.

Other

The costs in this heading are explained fully in Note 5.

h. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

i. Fund accounting

The Foundation has various types of funds for which it is responsible, and which require separate disclosure. These are as follows:

Restricted funds

Donations or legacies received, or income arising from such, which are earmarked by the donor for specific purposes. Such purposes are within the overall aims of the Foundation.

Unrestricted funds

Funds are expendable at the discretion of the Governors in furtherance of the objects of the charity. In addition to expenditure on grants, such funds may be held in order to finance capital investment and working capital.

j. Pension costs

For the defined benefit scheme, the amount charged to resources expended is the current service costs. They are included as part of human resources costs. Past service costs/gains are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not

vested immediately, the costs/gains are recognised over the period until vesting occurs. The interest cost and the expected return on the assets are also shown under the relevant category of resources expended. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities.

The assets of the defined benefit scheme are held separately from those of the Foundation, in separate pension trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities.

Where there is a surplus in the funded scheme this is considered irrecoverable as the Governors consider it cannot currently be recovered against future service costs or by future refund. Therefore, a restriction is applied to the surplus to exclude it from the balance sheet.

A number of staff are members of a defined contribution pension scheme. Contributions to this scheme are charged to the Statement of Financial Activities as they are incurred.

Following the closure of the Defined Benefit scheme to future service accrual, from 31st August 2021, a number of staff have joined a group self-invested pension plan from 1st September 2021. Contributions to this scheme will be charged to the Statement of Financial Activities, in future years, as they are incurred.

k. Value added tax

Expenditure is stated gross of irrecoverable value added tax (VAT). Reclaims of value added tax are recognised when the basis of any reclaim has been agreed with H M Revenue & Customs and the amount of any such reclaim can be assessed with reasonable certainty.

During 2020 the Foundation formed a VAT group with its subsidiary, Justice Collaborations, and hence is jointly and severally liable for amounts owed by any member of that VAT group in respect of unpaid VAT.

l. Tax status

The organisation is a registered charity and, as such, for taxation purposes, is entitled to exemption from United Kingdom taxation under the Income and Corporation Taxes Act 1988 and may recover income tax from its UK investment income and part or all of its investment income earned in other jurisdictions.

m. Provisions

Where contracts become onerous, full provision is made for the estimated future costs of the contract. Consideration is made as to whether discounting future cash-flows would have a material impact and the provision is updated accordingly.

n. Related party transactions

Transactions with related parties are disclosed in the notes to these financial statements. The Foundation's policy is for Governors, Executives and advisers to declare their interest and exempt themselves from all relevant discussions and decisions which may involve a transaction with a related party or in which they may have a conflict of interest. Details of related party transactions are included in Note 17.

o. Financial instruments

Financial assets and liabilities are recognised on the Foundation's balance sheet when the Foundation becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are recognised at cost less any relevant impairment for estimated irrecoverable amounts.

Significant judgements and estimates

The Foundation, in preparing its accounts, makes judgements and estimates concerning the future that have a significant effect on the amounts recognised in the accounts in regard to two main areas.

Judgements:**Onerous lease**

The lease was re-assigned on 9 April 2019.

Note 18 provides further information regarding the current position and judgements which have been made regarding potential future liabilities associated with the lease.

Estimates:**Pension Scheme**

The key assumptions used for FRS102 are agreed by the Foundation on advice from the Scheme Actuary and are listed in Note 14.

2. Income

	Group		Foundation	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Investment Income				
Income from investment funds	2,419	3,026	2,419	3,026
Interest on Bonds	131	135	131	135
Interest on short term fixed deposits and cash funds	22	117	22	117
	2,572	3,278	2,572	3,278

Voluntary Income

Grants	2,736	6,645	561	395
Other Income	-	375	139	411
	5,308	10,298	3,272	4,084

Incoming grants are all allocated to restricted funds. Details are shown in Note 13.

3. Transactions with Governors and Connected Persons Group and Foundation

	2021 £'000	2020 £'000
Governors' Expenses		
Travel and Subsistence	-	1

The number of Governors who claimed travel and subsistence expenses was 2 (2020 - 4). The Governors do not receive any remuneration.

4. Net Income/(expenditure)

	2021 £'000	2020 £'000
Net Income/Expenditure for the Year are stated after charging:		
Operating Leases – Rent of Land and Buildings:		
Foundation only	121	119
Fees payable for services provided by the auditor and the auditor's related entities (including irrecoverable VAT):		
Auditor's Remuneration RSM UK Audit LLP:		
Foundation	28	28
Justice Collaborations	14	10
Other services		
Justice Collaborations – tax return	1	-

5. Analysis of Total Expenditure

Group	Human Resources £'000	Other £'000	Total 2021 £'000	Total 2020 £'000
Raising Funds				
Investment Management Costs	47	211	258	160
Charitable activities				
- Grants	-	8,715	8,715	5,219
- Grant-making and Research	788	224	1,012	1,181
- Other Direct costs	345	565	910	713
- Governance	10	121	131	183
	1,143	9,625	10,768	7,296
Other				
Pension Scheme Management Costs	53	-	53	46
Other Pension Scheme Charges	-	(36)	(36)	74
Onerous Lease	-	-	-	(73)
	53	(36)	17	47
	1,243	9,800	11,043	7,503
Foundation				
	Human Resources £'000	Other £'000	Total 2021 £'000	Total 2020 £'000
Raising Funds				
Investment Management Costs	47	211	258	160
Charitable activities				
- Grants	-	6,153	6,153	5,219
- Grant-making and Research	745	224	969	1,171
- Other Direct costs	266	565	831	667
- Governance	10	89	99	167
	1,021	7,031	8,052	7,224
Other				
Pension Scheme	53	-	53	46
Other Pension Scheme Charges	-	(36)	(36)	74
Onerous Lease	-	-	-	(73)
	53	(36)	17	47
	1,121	7,206	8,327	7,431

A breakdown of Grants awarded during the year is given in Note 16 and is referred to in the Governors' Report.

Other Pension Scheme Charges and Adjustments

Details of the costs of the defined benefit pension scheme and unfunded pension are provided in note 14.

Onerous Lease

The lease was reassigned in 2019 and an accrual for associated costs was written back. Further information on the lease is provided in Note 18.

Staff Costs

	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
	Group	Foundation	Group	Foundation
Wages and Salaries	963	855	841	841
Social Security costs	106	95	95	95
Pension costs – Defined Benefit	168	168	178	178
Pension costs – Defined Contribution	6	3	1	1
	1,243	1,121	1,115	1,115

The number of employees earning in excess of £60,000 per annum, including their taxable benefits, in bands of £10,000 were:

Group and Foundation	2021	2020
	No.	No.
£60,001 - £70,000	2	2
£70,001 - £80,000	2	1
£80,001 - £90,000	1	1
£120,001 - £130,000	2	2

The above amounts include as appropriate salary, medical insurance costs and employee contributions to pension schemes made through salary sacrifice. Of the above staff, 6 (2020: 5) were active members of the Foundation's defined benefit pension scheme as at 30 June 2021 and one was not a member of any scheme (2020: 1).

The average number of employees, analysed by function, was:

	2021	2020
	No.	No.
Foundation	15	14
Justice Collaborations	3	-

The average full-time equivalent number of employees was 16 (2020:12).

Remuneration of Key Personnel

Key Management Personnel are deemed to comprise the Trustees, Chief Executive and Deputy Chief Executive. Their aggregate remuneration in the current year including pension benefit was £285k (2020: £282k).

Ratio of highest to lowest salary costs

Reflecting our focus on pay transparency and in line with NCVO guidance, the ratio between the highest salary (2021: £124k, 2020: £123k) and the median salary (2021: £55k, 2020: £61k) in the Group is 2.26:1, (2020: 2.0:1). The ratio of the top salary to the lowest as at 30 June 2021 was 3.9:1 (2020: 4.2:1). These calculations are based on Full Time Equivalent salaries before salary sacrifice adjustments.

6. Tangible Assets

Group and Foundation

	Furniture & equipment £'000	Total £'000
Cost at 1 st July 2020	7	7
Additions	-	-
Cost at 30 th June 2021	<u>7</u>	<u>7</u>
Depreciation at 1 st July 2020	7	7
Provision for Year	-	-
Depreciation at 30 th June 2021	<u>7</u>	<u>7</u>
Net book value at 30 th June 2021	<u>-</u>	<u>-</u>
Net book value at 30 th June 2020	<u>-</u>	<u>-</u>

7. Fixed Asset Investments

Group and Foundation

	2021 £'000	2020 £'000
Market Value at 30th June 2020		
Pooled Funds	283,591	231,468
Cash and short-term deposits	<u>6,355</u>	<u>15,197</u>
	<u>289,946</u>	<u>246,665</u>

The investment portfolio is held in a range of managed pooled funds to form a diverse portfolio. Cash and short-term deposits include the cash balances considered to be held as part of Fixed term investments known as the Capital Fund.

Reconciliation of opening & closing Market Values

	2021	2020
	£'000	£'000
Market values as at 1 st July 2020	231,468	240,835
Additions at cost	60,478	36,413
Disposals at cost	(57,132)	(38,633)
Investment gains/(losses)	48,777	(7,147)
	<hr/>	<hr/>
Market value of investments as at 30 th June 2021	283,591	231,468
Historical cost of investments at 30 th June 2021	196,125	179,524
	<hr/>	<hr/>

Reconciliation of movements in unrealised gains on Investment Assets

	2021	2020
	£'000	£'000
Unrealised gains at 1 st July 2020	51,944	62,238
Movement in the year	35,522	(10,294)
Unrealised gains at 30 th June 2021	87,466	51,944
	<hr/>	<hr/>

UK and Overseas Holdings: Pooled Funds

UK Holdings	28,116	43,753
Overseas Holdings	255,475	187,715
	<hr/>	<hr/>
	283,591	231,468
	<hr/>	<hr/>

The breakdown of the Investments by Funds is as follows:

Growth Funds	2021	Share of Total	2020	Share of Total
	£'000		£'000	
Acadian Global Managed Volatility	-	-	15,907	7%
Arrowstreet ACWI	25,996	9%	19,250	8%
Artemis Institutional Equity Income	-	-	11,034	5%
Cevian Capital II Ltd	19,752	7%	14,501	6%
Comgest Growth Emerging Markets	-	-	7,935	3%
Generation Asia Fund	11,304	4%	8,722	5%
Heronbridge UK Equity	-	-	11,097	5%
Lindsell Train Global Equity Strategy	13,154	5%	-	-
Maj Global Value	19,296	7%	15,628	7%
Naya Coldwater Fund	15,222	5%	-	-
Nedgroup Global Emerging Markets Equity Fund	9,228	3%	-	-
Northern Trust Emerging Markets Custom ESG Index	14,364	4%	11,493	5%
Northern Trust World Equity Index	61,411	22%	52,721	23%
Ownership Capital Global Equity Investment Strategy	12,735	5%	-	-
Veritas Global Focus Fund	25,385	9%	21,394	9%
	227,847	80%	189,682	82%
Diversifier Funds	2021	Share of Total	2020	Share of Total
	£'000		£'000	
AQR Style Premia Fund	-	-	2,172	1%
Barings Global Senior Secured Loan	11,130	4%	9,820	4%
BlueCrest AllBlue Ltd	51	-	51	-
GMO Systematic Global Macro Fund	8,404	3%	8,121	3%
Newtons Dynamic Bond Fund	8,984	3%	8,726	4%
PIMCO Income Fund	8,043	3%	-	-
	36,612	13%	28,890	12%
Inflation Sensitive Funds	2021	Share of Total	2020	Share of Total
	£'000		£'000	
Charities Property Fund	14,071	5%	12,896	6%
Legal & General Global Inflation Linked Bond Index Fund	5,061	2%	-	-
	19,132	7%	12,896	6%
Total	283,591	100%	231,468	100%

8. Debtors	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
	Group	Foundation	Group	Foundation
Other Debtors	663	663	782	782
Onerous Lease	500	500	-	-
Intercompany	-	39	-	39
Prepayments and accrued income	5,569	181	6,285	585
	6,732	1,383	7,067	1,406

The Onerous lease balance relates to £500k due from the lease assignee in instalments commencing in January 2022. £333k of this debt is repayable after more than one year from 30 June 2021. See note 18 for more information regarding the onerous lease.

9. Current Asset Investments Group and Foundation	2021 £'000	2020 £'000
Cash and Cash Deposits	5,727	4,747
Short-dated Bond Portfolio	4,721	4,792
	10,448	9,539

Losses on the short-dated bond portfolio in the year were £68k (2020: losses £43k).

10. Creditors due within one Year	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
	Group	Foundation	Group	Foundation
Grants Payable	6,890	5,802	4,821	4,821
Other Creditors	342	327	173	173
Income & Social Security	37	34	36	36
Accruals	326	297	486	458
Onerous Lease	-	-	10	10
	7,595	6,460	5,526	5,498

11. Creditors due after more than one year	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
	Group	Foundation	Group	Foundation
Grants payable	5,111	3,172	3,474	3,474

12. Analysis of net assets between funds

Group

	Unrestricted	Restricted	2021	2020
	Funds £'000	Funds £'000	£'000	£'000
Fixed assets	289,946	-	289,946	246,665
Current assets	14,836	5,556	20,392	17,140
Liabilities	(7,595)	-	(7,595)	(5,526)
Liabilities >1 year	(7,958)	-	(7,958)	(6,391)
	289,229	5,556	294,785	251,888

Foundation

	Unrestricted	Restricted	2021	2020
	Funds £'000	Funds £'000	£'000	£'000
Fixed assets	289,946	-	289,946	246,665
Current assets	11,762	94	11,856	10,970
Liabilities	(6,460)	-	(6,460)	(5,498)
Liabilities >1 year	(6,019)	-	(6,019)	(6,391)
	289,229	94	289,323	245,746

13. Funds

Movements in funds

Group

	At	Movement	At
	1.7.20 £'000	in funds £'000	30.6.21 £'000
General funds	248,595	43,481	292,076
Funds excluding pension liability	248,595	43,481	292,076
Unfunded pension liability	(2,917)	70	(2,847)
	245,678	43,551	289,229
Restricted funds	6,210	(654)	5,556
Total funds	251,888	42,897	294,785

Movement in funds Foundation

	At 1.7.20 £'000	Movement in funds £'000	At 30.6.21 £'000
General funds	248,594	43,482	292,076
Funds excluding pension liability	248,594	43,482	292,076
Unfunded pension liability	(2,917)	70	(2,847)
	245,677	43,552	289,229
Restricted funds	69	25	94
Total funds	245,746	43,577	289,323

Restricted Funds

	At 1.7.20 £'000	Income £'000	Expenditure £'000	At 30.6.21 £'000
Foundation				
Justice First Fellowship				
Linklaters LLP	-	13	13	-
Allen & Overy LLP		20	20	-
BBC Children in Need	69	528	503	94
	69	561	536	94
Justice Collaborations				
Justice Together Initiative	6,141	2,675	3,354	5,462
Less: grant awarded by parent to subsidiary	-	(500)	(500)	-
Consolidated Group total	6,210	2,736	3,390	5,556

Justice First Fellowship

Information on the Justice First Fellowship is included in the report of the Governors on page 5. The majority of the funders of this programme have agreed to fund a specific host or hosts in a given year.

Justice Collaborations

The grants awarded to Justice Collaborations are all contributions to the Justice Together programme. All cover a period of between one and five years and, with the exception of the grant from AB Charitable Trust, have been recognised in full in the year of award. The AB charitable Trust award is for a total of £375k but as it is subject to an annual review, only £125k is recognised in each year.

14. Pension (Liability)/Asset

Group and Foundation

The Foundation operates a funded defined benefit contributory Pension Scheme providing based on members' final pensionable salary at retirement, death or leaving service. The Scheme was closed to new members during 2019. It has been replaced by contributions to the NEST scheme for new staff members. No staff of the subsidiary are members of the defined benefit scheme.

The Scheme is a separately constituted trust with member nominated Trustees and Foundation appointed Trustees. Under the Trust Deed the employer decides the benefit structure and the Trustees, on the advice of the Scheme Actuary, decide the required funding rate.

The assets of the Scheme, including purchased annuities, are held separately from those of the Foundation.

This scheme is currently in surplus as calculated in accordance with the FRS102 valuation basis however the Governors consider that the Surplus cannot currently or in the foreseeable future be recovered against future service costs or by future refund and is therefore excluded from the Balance Sheet.

During the year, the Foundation paid Pension and Life Assurance Contributions to the Scheme of £168k (2020: £183k) comprising normal contributions of £168k (2020: £183k) and special payments of £nil (2020: £nil). Contributions totalling £nil (2020: £nil) were prepaid at the year end and contributions of £14k for the month of June 2021 were due and paid shortly after the year end (June 2020: £14k).

The Foundation maintains responsibility for a legacy unfunded Pension which is currently in payment. The Pension Liability shown on the Balance Sheet relates to this pension.

The principal assumptions used for the FRS 102 valuation were as follows:

	2021	2020
	%	%
Discount rate	1.95	1.6
Future increase in RPI	3.2	2.8
Future increase in CPI	2.2	1.8
Future increase in salary	2.5	2.5
Retail price Index pension increases		
- max 5%	3.1	2.75
- max 2.5%	2.2	2.05
Future rate of pension increases in deferment	2.2	1.8

It has been assumed that members reaching normal retirement date will exchange 67% of the maximum allowable amount of their pension for cash at retirement. This is based on the post 'A-day' definition of maximum cash.

Mortality assumptions used are in line with 100% of the PxA08 tables based on Members' year of birth, improving in line with CMI 2020 projections with a 1.5% p.a. (1.0%) p.a. long-term trend for males (females).

Average expected future life at age 65:

	1 July 2021	1 July 2020
Male currently aged 65	23.1	23.1
Female currently aged 65	25.0	24.9
Male currently aged 45	24.7	24.7
Female currently aged 45	26.2	26.1

The Assets in the Scheme are:

	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Funded Scheme				
Corporate Bonds and Gilts	159,593		119,980	
Asset Backed Credit	9,973		9,768	
Private Credit	7,303		10,433	
Purchased Annuities	70,783		74,834	
Cash	3,054		55,562	
Total Market Value of Assets	<u>250,706</u>		<u>270,577</u>	
Actuarial value of liabilities	<u>(205,265)</u>		<u>(207,291)</u>	
Net surplus in the funded Scheme		45,441		63,286
Unfunded Pension liability				
Actuarial value of liabilities	<u>(2,847)</u>		<u>(2,917)</u>	
Net deficit in the funded Scheme		<u>(2,847)</u>		<u>(2,917)</u>
Net surplus in the Scheme (funded and unfunded)		42,594		60,369
Less: Irrecoverable pension scheme surplus		<u>(45,441)</u>		<u>(63,286)</u>
Net unfunded Pension liability		<u>(2,847)</u>		<u>(2,917)</u>

The total net surplus of the funded scheme pension liabilities at 30 June 2021 on the FRS 102 basis was £43 million, all of which is considered irrecoverable. The restriction represents the surplus in the funded Scheme which the Governors consider cannot currently be recovered against future service costs or by future refund and is therefore excluded from the Balance Sheet.

The movement in the restricted amount has been charged to the Statement of Financial Activities under the heading other resources expended.

Assets are valued at the bid value. FRS 102 regulations require the expected rate of return on assets to be based on the Discount Rate. The liabilities are valued using a market rate derived from high quality corporate bonds and do not depend upon the assets in which the pension is invested.

The actual return on the Scheme assets in the year was (5.5) % (2020: 14.3%).

Sensitivity of Assumptions	2021 £million	2020 £million
A 0.5% reduction in discount rate	(16.6)	(16.1)
A 0.5% increase in price inflation	8.8	(7.4)
A one-year increase in average age of member on death	(7.8)	(7.3)
Commutation increases to 100%	(3.1)	(4.5)

The above sensitivities show the impact of various changes on the net pension surplus/deficit.

Risk

The Trustees, with the support of the Governors, have continued to take four main steps to reduce risk:

- i. Purchased annuities for pensions in payment when overall market conditions have been appropriate to do so.
- ii. Followed a liability driven investment policy
- iii. Hedged against interest rate and inflation fluctuations.
- iv. Do not hold any equities.

Analysis of the amount charged to Expenditure

	2021 £'000	2020 £'000
Current service cost	217	183
Other costs	1,039	432
Past service cost	70	-
Total Operating charge	1,326	615
Expected return on Scheme assets	(4,302)	(5,404)
Restriction on charge relating to funded pension scheme liability	(323)	644
Interest on pension liabilities	3,375	4,221
Net return	(1,250)	(539)
Total	76	76

The past service cost value of £70k, related to the additional cost of equalising Guaranteed Minimum Pension benefits provided by the Scheme, is the result of the revised assumptions shown above. This is in addition to the £553k recognised in 2019. This additional cost is fully allowed for in the scheme's liabilities.

Analysis of amount recognised in the Statement of Financial Activities as actuarial gains and losses

	2021 £'000	2020 £'000
Actual return less expected return on Scheme assets	(17,620)	28,978
Experience loss arising on the liabilities	1,760	(951)
Changes in assumptions underlying the present value of liabilities	(1,861)	(22,076)
Actuarial gains before restriction	<u>(17,721)</u>	5,951
Restriction of negative movement on pension scheme asset	17,659	(6,180)
Actuarial gains/(losses)	<u>(62)</u>	(229)
Cumulative amounts recognised as actuarial losses	<u>(41,718)</u>	(41,503)

Movement in liabilities during the Year

	2021 £'000	2020 £'000
Liabilities at the beginning of the year (funded Scheme and unfunded arrangements)	210,208	187,612
Movement in the year:		
Current accrual cost	248	216
Interest cost	3,375	4,221
Past service cost	70	-
Loss on changes in assumptions	1,861	22,076
Experience (gain)/loss on liabilities	(1,870)	951
Experience change in secured pensioner value	(3,235)	(3,210)
Benefits paid	<u>(2,545)</u>	(1,658)
Liabilities at the end of the year (funded Scheme and unfunded arrangements)	<u>208,112</u>	210,208

Liabilities at the year-end included £2,847k (2020: £2,917k) in respect of unfunded arrangements outside the Scheme. £98k was paid in respect of this arrangement during the year.

Movement in Scheme assets during the Year

	2021 £'000	2020 £'000
Scheme assets at the beginning of the year	270,577	241,118
Movement in the year:		
Expected return on Scheme assets	4,302	5,404
Actuarial (loss)/gain	(17,620)	29,081
Death in service insurance premiums paid	(14)	(15)
Expenses paid by Scheme	(1,025)	(417)
Experience change in secured pensioner value	(3,235)	(3,210)
Employer contributions	168	178
Benefits paid directly from Scheme assets other than annuities	(2,447)	(1,562)
Scheme assets at the end of the year	<u>250,706</u>	<u>270,577</u>

History of experience Gains and Losses

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Scheme assets	250,706	270,577	241,118	233,634	232,064
Pension liabilities: funded scheme and unfunded arrangements	(208,112)	(207,291)	(187,612)	(178,192)	(181,542)
Net surplus/(deficit): funded Scheme and unfunded arrangements	42,594	63,206	53,506	55,442	50,522
Experience adjustments on Scheme assets	(17,620)	29,081	11,632	1,854	9,885
Experience adjustments on Scheme liabilities	1,760	(951)	(1,819)	(139)	(4890)

Expected contributions payable by the Foundation to the Scheme for the year to 30th June 2022 are £26k. No special payments are planned due to the surplus of £43 million in funded Scheme assets at 30th June 2021.

The lower level of contributions expected in the year to 30 June 2022 is due to the scheme closing to accrual from 31 August 2021.

15. Operating Lease Commitments Group and Foundation

Total minimum lease payments due to be made under non-cancellable operating leases:

	2021	2020
	£'000	£'000
Not later than 1 year	68	103
Two to five years	35	85
More than five years	-	-
	<u>103</u>	<u>188</u>

16. Grants

Foundation

The following grants were awarded in the year ended 30 June 2021:

	£'000s	No
Fairer systems		
Equally Ours (Formerly Equality and Diversity Forum)	110	
Public Law Project	393	
Children's Law Centre (Northern Ireland)	181	
APPEAL	30	
Scottish Women's Aid	113	
Wales Governance Centre, Cardiff University	230	
	<u>1,057</u>	6
Smarter Justice		
Economic & Social Research Council (ESRC)	135	
The Bureau of Investigative Journalism	32	
	<u>167</u>	2
Stronger sector		
AdviceUK	26	
Lasa Charity UK Limited	150	
SafeLives	230	
Law Centres Network	365	
Shelter Scotland	196	
Legal Action Group (LAG)	50	
The Access to Justice Foundation	500	
Anti Trafficking and Labour Exploitation Unit (ATLEU) Limited	214	
London Legal Support Trust	79	
Right to Remain	67	
Asylum Support Appeals Project (ASAP)	136	
The National Association of Citizens Advice Bureaux, trading as Citizens Advice	250	
Justice Collaborations	500	

Justice First Fellowship (18 new awards)	1,783	
	<u>4,546</u>	31
Total grants awarded in the year	5,770	
Extensions to existing grants	383	
Total	<u>6,153</u>	39

The following organisations were awarded grants to host fellows under the justice first fellowship programme:

Clan Childlaw (Community Law Advice Network)	Luton Law Centre
Shelter The National Campaign for Homeless People Ltd	Centre for Women's Justice
South Wales Law Centre Ltd (The Speakeasy Law Centre)	Vauxhall Community Law & Information Centre
North East Law Centre	Tower Hamlets Law Centre
Bristol Law Centre (Formerly Avon and Bristol Law Centre)	Howard League for Penal Reform
Shelter Scotland	JustRight Scotland (JRS)
APPEAL	Just For Kids Law
Anti Trafficking and Labour Exploitation Unit (ATLEU) Limited	Housing Rights
Law Centre NI	Community Law Partnership Limited
Suffolk Law Centre	Bhatt Murphy Limited
Hopkin Murray Beskine	

Grants awarded by Justice Collaborations:

	£000s	No.
Advice and Representation		
North East Law Centre	600	
Greater Manchester Immigration Aid Unit	486	
Scottish Refugee Centre	200	
JustRight Scotland	200	
Settled	264	
	<u>1,750</u>	5
Influencing		
Migrant Centre Northern Ireland	120	
Reunite Families UK	90	
Rights of Women	195	
Citizens UK	165	
Rainbow Migration	200	
Hibiscus Initiatives	150	
Institute for Public Policy Research	242	
Women for Refugee Women	150	
	<u>1,312</u>	8
TOTAL	<u>3,062</u>	13

17. Related party transactions

Grantee	Trustee/Key management	Relationship	Grant awarded in the year ended 30.6.20 £000s	Grant awarded in the year ended 30.6.21 £'000s	Balance outstanding at 30.6.21 £'000s
Bingham Centre for the rule of law	Guy Beringer	Co-Chair of Bingham Centre	43	-	-
British and Irish Legal Information Institute (BAILLI)	Guy Beringer	Trustee of BAILLI	-	-	5
Public Law Project	Alison Pickup	Legal Director	128	393	489
			171	393	494

None of the above Trustees took part in any discussions or decisions regarding a grant to a party to whom they are related.

Justice Collaborations

Guy Beringer, Tim Dutton and Alison Pickup were Trustees of both The Legal Education Foundation and its wholly owned subsidiary, Justice Collaborations, during the year. The Chief Executive of The Legal Education Foundation is also a Trustee of Justice Collaborations. During the year the Foundation awarded and paid in full a grant to Justice Collaborations of £500k. (2020: £nil).

Jake Lee, a member of the senior management of Justice Collaborations and employee of The Legal Education Foundation is also an employee of Unbound Philanthropy. Unbound Philanthropy awarded a grant of £300k to Justice Collaborations, and paid it in full, in the period ended 30 June 2020. No further grants were awarded by Unbound Philanthropy in 2021.

During the year, £139k of costs (2020: £36k) were recharged from The Legal Education Foundation to Justice Collaborations. There was a balance due to the Foundation of £50k at 30 June 2021 (30 June 2020: £36k).

18. Contingent Assets and Contingent liabilities

Group and Foundation

Onerous Lease

A contingent liability remains for the Foundation if the assignee of the lease is unable to meet any liabilities that fall due until the end of the lease in March 2028.

Due to the impact of COVID on the assignee's business the landlord agreed to defer two quarters rent and an agreement was also reached under which the Foundation agreed to pay the rent due under the lease for the year 2021 on behalf of the assignee. The assignee has agreed to repay the Foundation in equal instalments over the 18 months from January 2022. The £500k paid by the Foundation to 30 June 2021 is included in debtors (see Note 8).

The Foundation continues to monitor the situation and at this time considers that a provision is not required.

19. Subsidiary Undertakings

Justice Collaborations (registered charity number: 1187441; company registration number: 12328192)

Justice Collaborations was established in 2019 as a registered charity and a company limited by guarantee. It is registered in England and Wales and is a wholly owned subsidiary of The Legal Education Foundation. The Legal Education Foundation is the sole member of Justice Collaborations and the liability of the member is limited to £1.

20. Reconciliation of consolidated net expenditure to net cash outflow from operating activities

	2021	2020
	£000s	£000s
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(5,735)	2,337
Adjustments for:		
Depreciation charges	-	-
Dividends and interest from fixed asset and current asset investments	(2,962)	(3,801)
Increase/(decrease) in provisions	(70)	209
(Increase)/Decrease in debtors	335	(3,790)
Increase/(decrease) in creditors	3,705	(1,597)
Difference between pension cost charged and contributions paid	(62)	229
Net cash provided by (used in) operating activities	(4,789)	(6,413)
Analysis of cash and cash equivalents:		
Cash at bank and in hand	3,212	534
Current Asset Investments	5,727	4,747
Total cash and cash equivalents	8,939	5,281

21. Comparative Statements of Financial Activities

Consolidated Statement of Financial Activities for the Year Ended 30 June 2020

	Note	2020 Unrestricted £'000	2020 Restricted £'000	2020 Total £'000
Incoming from:				
Investments	2	3,278	-	3,278
Donations and Legacies	2	-	6,645	6,645
Other	2	375	-	375
Total Incoming Resources		3,653	6,645	10,298
Expenditure on:				
Raising Funds (investment management costs)	5	160	-	160
Charitable activities	5	6,520	776	7,296
Other	5	47	-	47
Total	5	6,727	776	7,503
Net (expenditure)/income before investment gains & losses		(3,074)	5,869	2,795
Net (Losses)/Gains on Investment	7,9	(7,190)	-	(7,190)
Net Income/(expenditure)		(10,264)	5,869	(4,395)
Other recognised Gains and Losses:				
Actuarial Gain on defined benefit Pension Scheme	14	5,951	-	5,951
Restriction of movement on Pension Scheme Asset	14	(6,180)	-	(6,180)
Net movement in Funds		(10,493)	5,869	(4,624)
Reconciliation of Funds				
Total Funds brought forward	13	256,171	341	256,512
		245,678	6,210	251,888

Statement of Financial Activities of the Individual parent charity for the Year Ended 30 June 2020

	Note	2020 Unrestricted £'000	2020 Restricted £'000	2020 Total £'000
Incoming from:				
Investments	2	3,278	-	3,278
Donations and Legacies	2	-	395	395
Other	2	411	-	411
Total Incoming Resources		3,689	395	4,084
Expenditure on:				
Raising Funds (investment management costs)	5	160	-	160
Charitable activities	5	6,557	667	7,224
Other	5	47	-	47
Total	5	6,764	667	7,431
Net (expenditure)/income before investment gains & losses		(3,075)	(272)	(3,347)
Net (Losses)/Gains on Investment	7,9	(7,190)	-	(7,190)
Net Income/(expenditure)		(10,265)	(272)	(10,537)
Other recognised Gains and Losses:				
Actuarial Gain on defined benefit Pension Scheme	14	5,951	-	5,951
Restriction of movement on Pension Scheme Asset	14	(6,180)	-	(6,180)
Net movement in Funds		(10,494)	(272)	(10,766)
Reconciliation of Funds				
Total Funds brought forward	13	256,171	341	256,512
	13	245,677	69	245,746

22. Comparative statement of Analysis of net assets between funds**Group**

	Unrestricted	Restricted	
	Funds	Funds	2020
	£'000	£'000	£'000
Fixed assets	246,665	-	246,665
Current assets	10,217	6,923	17,140
Liabilities	(4,813)	(713)	(5,526)
Liabilities >1 year	(6,391)	-	(6,391)
	245,678	6,210	251,888

Foundation

	Unrestricted	Restricted	
	Funds	Funds	2020
	£'000	£'000	£'000
Fixed assets	246,665	-	246,665
Current assets	10,188	782	10,970
Liabilities	(4,785)	(713)	(5,498)
Liabilities >1 year	(6,391)	-	(6,391)
	245,677	69	245,746

23. Comparative statement of movement in funds**Group**

	At	Movement	At
	1.7.19	in funds	30.6.20
	£'000	£'000	£'000
General funds	258,879	(10,284)	248,595
Funds excluding pension liability	258,879	(10,284)	248,595
Unfunded pension liability	(2,708)	(209)	(2,917)
	256,171	(10,493)	245,678
Restricted funds	341	5,869	6,210
Total funds	256,512	(4,624)	251,888

Foundation

	At 1.7.19 £'000	Movement in funds £'000	At 30.6.20 £'000
General funds	258,879	(10,285)	248,594
Funds excluding pension liability	258,879	(10,285)	248,594
Unfunded pension liability	(2,708)	(209)	(2,917)
	256,171	(10,494)	245,677
Restricted funds	341	(272)	69
Total funds	256,512	(10,766)	245,746