

The Legal Education Foundation

Annual Report & Consolidated Financial Statements

Year to 30 June 2022

Foundation Details

Principal Office

Suite 2, Ground Floor
River House
Broadford Park
Shalford
Guildford
Surrey GU4 8EP

Charity Registration Number

271297

Principal Professional Advisers

Independent Auditor
RSM UK Audit LLP
Davidson House
Forbury Square
Reading
RG1 3EU

Investment Advisers*
Cambridge Associates
4th Floor
80 Victoria Street
London SW1E 5JL

Sarasin and Partners LLP
Juxon House
100 St Paul's Churchyard
London EC4M 8BU

Banker
National Westminster Bank plc
3rd Floor
Cavell House
2A Charing Cross Road
London WC2H 0NN

* Sarasin and Partners took over from Cambridge Associates, as the Foundation's investment advisors, in the first half of the year to 30 June 2022.

Contents

Foundation Details

Report of the Governors

Constitution, Object, Public Benefit, Structure	1
Key Developments and Delivery in the Year	2
Strategy for 2020 - 2025	2
- Stronger Sector	4
- Fairer Systems	9
- Smarter Justice	11
Justice Collaborations	15
Priorities for 2022-2023	16
Financial Review	16
Investment Management and Performance	18
Statement of Governors' Responsibilities	21
Risk Management	22
Governance	22
Governors and Senior Personnel	26
Acknowledgements	27

Independent Auditor's Report to the Governors 28

Consolidated Statement of Financial Activities 32

Individual Parent Charity Statement of Financial Activities 33

Balance Sheets 34

Consolidated Statement of Cash Flows 35

Notes to the Accounts 36

Report of the Governors for the Year Ended 30 June 2022

CONSTITUTION

The Foundation is 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.

OBJECTS

The objects of the Foundation, as set out in its Royal Charter, are: '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

CHARITABLE OBJECTS

Last year, we secured permission from the Privy Council and the Charity Commission to widen the charitable objects of the Foundation. Alongside the promotion of legal education and study of law, we also now promote the “sound development and administration of law.”

We were grateful to the Charity Commission and the Privy Council for the supportive dialogue around this change. The application to broaden our objects reflected learning from our first strategic plan following the transition from the College of Law to operating as a charitable foundation. In particular, we saw the ways in which the Foundation needed to be able to operate more flexibly and more widely in order to advance education and understanding of law for public good. We had also found that, in promoting legal education, a significant proportion of our work was assisting in advancing the sound development and administration of the law for the public benefit, for example, in the ways legal education can prevent legal disputes from arising in the first place. Similarly, lessons from our work have assisted in informing policymakers and civil servants about how to design and improve justice services and about wider constitutional, legislative and regulatory developments. The widened objects provide an exciting platform on which to take forward our existing strategy and as we start to develop our next strategic plan.

STRATEGY 2020 –2025

Context

The context we operate in has become increasingly harsh for people and the organisations in the field.

The Covid pandemic exacerbated the existing stark levels of inequality in the UK. Levels of poverty are rising and feel increasingly normalised in mainstream discourse. Over two million people in the UK are living in destitution, formally defined by work by the Joseph Rowntree Foundation as being unable to access two or more of the following resources – adequate shelter, food, heating, lighting, clothing or toiletries. Women, minoritised people, disabled people, pensioners, young people, single parents, families with more than three children and refugees are the most affected. Rising inflation and the growing cost-of-living crisis will make this worse as income drops and costs rise for communities and for the charities we support. Again, not everyone is affected equally – the poorest households will feel a much higher rate of inflation and low-income households will have to cut back more. For charities and community groups in our field, there have been sharp rises in the demand for services and in the cost of providing support whilst inflation erodes the value of grants, contracts, reserves and salaries.

The Foundation has had a longstanding interest in fundamental rule of law principles relating to the transparency and accountability of public institutions, and the protection of rights. That work feels even more urgent and difficult in the current context. The legal and constitutional implications of the decision to withdraw from the European Union continue to be felt in relation to rights and protections. There has also been extensive new legislation introduced this year that, taken together, reflects a comprehensive review of the UK’s constitutional settlement, including testing the limits of parliamentary sovereignty and arrangements for the four nations of the UK. Faith in public institutions has been challenged, as has the capacity of wider institutions such as the judiciary and civil society organisations to play their important roles in a functioning democracy. An increasingly hostile environment is emerging for those seeking to promote human rights and access to justice. The capacity of civil society to react and respond has been severely stretched.

Over this next phase, we, with others, have to find a way to build a positive case for the role of law in helping people to improve their lives and the lives of others. Our strategy will have to address profound questions about the role of philanthropy and independent foundations in a context of such dramatic shifts in conditions, and in the health and vitality of public systems and institutions.

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 are driving 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

The Foundation continues to be a signatory of the 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 funders committing to being more open and trusting by making grants in a way that reflects the realities facing civil society organisations now and for the foreseeable future as well as managing grants in ways that reflect funders' confidence in and respect for the organisations they fund.

This year we have looked further at the ways to enhance the impact of work that addresses social injustice through the use of legal education, legal services, advocacy and wider use of law to bring about social change. Aided by our broader charitable purpose, we are making longer term, more flexible grants and looking to make our programmes more accessible and open to a wider pool of organisations. We are placing a conscious emphasis on our work being rooted in people's lived experience of social injustice.

Communications

We recognise the importance and power of good communications in delivering our vision, mission and strategy. This year we began a review of our communications needs and approach. We appointed Forster Communications to

support us to do this and work has involved capturing perceptions of the Foundation among key constituencies and stakeholders across the political spectrum and mapping the range of communications approaches that we currently use and how we would like these to develop.

In recent times we have focused intense communications activity on selected areas of the Foundation's work. For example, we carried out extensive outreach with voluntary organisations and community groups in the development of the *Justice Together Initiative*, and a careful programme of public affairs and media engagement has been taken forward with the help of DRD Communications to implement the recommendations in the Foundation's *Digital Justice* report. Both examples, in different ways, have generated extremely positive outcomes in terms of engagement and influence. As set out in further detail below, work carried out by and funded by the Foundation has been covered widely across mainstream television and radio outlets, in newspapers including The Times, The Guardian, a wide range of local press, trade press and on social media. We have given evidence at Select Committees and Parliamentary inquiries and developed our cross-party connections.

We are keen to build on this work and, as we take forward our thinking around communications and influencing, key principles are that we:

- ensure that we are open, accessible and clear about what we do, the way we operate and the choices that we make;
- are positioned clearly in the context of a complex landscape with an approach that is authoritative, independent, constructive and passionate about social justice;
- amplify the voices of those who we work with, by helping to ensure they have the resources, skills and opportunities to be heard;
- consider carefully, when we use our voice, how we use the privilege of our position and that, when we engage publicly, we do so from a position of legitimacy and confidence.

Revised wording for our vision and mission will be announced next year and is aiming to be simpler and bolder, to reflect our widened charitable objects and to place our work in the increasingly harsh external context of increasing need and challenges to fundamental rights and rule of law.

Strategic objectives

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 currently 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 role of second-tier organisations supporting other organisations instead of people directly in developing co-ordinated, system-wide responses to addressing gaps.

Key context for this programme

- The pace and scale of legislative reform is making it hard for organisations to ensure training materials and frontline advice are kept up to date. Keeping abreast of changes also takes up internal capacity.
- The end of Covid-19 emergency funding and the local authority budget squeeze has put further pressure on organisations to identify other sources of funding.
- Worsening poverty and the increasing impact of the cost-of-living crisis is leading to further increases in legal needs, putting pressure on casework and advice services. This means organisations have fewer opportunities to step back and reflect on strategy and direction.
- Legal Aid Agency (LAA) practice continues to put a high administrative burden on organisations, and sector contract holders often struggle to appoint supervisors who meet the stringent criteria set by the LAA. This is taking place at a time when the profession is losing senior staff, while some areas do not have sufficiently qualified people living locally.
- Advice agencies are facing ongoing significant losses in income, principally from legal aid. Inflation and the rising cost of energy is putting organisations' budgets under further pressure. The majority of agencies have reserves well below Charity Commission guidelines.

The table of new grants awarded in the year to 30 June 2022 under the Stronger Sector programme reflects the stated shift towards larger, longer-term grants.

Access Social Care	£18k	Leading a scoping exercise to understand the challenges to career pathways in community care law and recommending next steps.
Access Social Care	£221k	Establishing a social care legal sector community of practice to support policy and influencing work in relation to sustaining community care legal aid.
Advice NI	£170k	Developing and piloting online training courses as part of a professional development framework for legal advisors in key areas of law such as employment, housing, community care and mental health law in Northern Ireland.
Article 39	£118k	Providing legal training and support to independent advocates to improve the quality and effectiveness of advocacy as a mechanism for protecting and upholding children's rights.
Central England Law Centre	£300k	Core funding to embed a rights-based approach within wider social action and social justice organisations in the Midlands, using this work to influence wider system change.
Child Rights and Youth Justice C.I.C.	£86k	Establishing child criminal law as a specialism, supporting recommendations to raise the remuneration of child criminal advocacy and providing an evidence base for introducing an accreditation scheme to ensure quality of representation for children.
Citizens Advice Liverpool	£150k	Supporting Liverpool Access to Advice Network to enhance coordination, promote inter-agency referrals and improve knowledge among advice providers in the region.

Disability Rights UK	£285k	Working with Deaf & Disabled People's Organisations to strengthen the provision of advice and information and enhance referral networks.
Family Rights Group	£380k	Developing and delivering training to implement recommendations from the Care Crisis Review Public Law Working Group, aimed at the judiciary, magistrates, child welfare leaders, practitioners and families.
Greater Manchester Immigration Aid Unit	£150k	Strengthening GMIAU infrastructure to underpin a collaborative, strategic approach to transforming access to legal advice in the north west of England.
Justice Collaborations	£250k	Building immigration advice and advocacy capacity in organisations reaching Ukrainians and their families following the Russian invasion of Ukraine.
JustRight Scotland (JRS)	£180k	Sustaining and developing collaborative and inclusive models and partnerships between legal and non-legal organisations across the justice sector in ongoing and emerging areas of legal need in Scotland.
Law Centres Network (on behalf of Canolfan Gyfraith Y Gogledd)	£20k	Supporting the development phase of the proposed North Wales Law Centre.
Legal Aid Practitioners Group (LAPG)	£350k	The creation of a training and development hub to underpin a management career path in the advice sector and to provide training, expert assistance and mentoring on management, leadership and governance.
Norfolk Community Law Service Ltd (NCLS)	£150k	Supporting development work to create sustainable Family and Domestic Abuse legal services in Norfolk.
Public Interest Law Centre	£210k	Developing the centre as a hub for community lawyering, expanding public law to the immigration advice sector and building capacity at South West London Law Centres to take a community lawyering approach.
Rape Crisis Scotland	£190k	Working with women with experience of gender-based violence to develop training for police, judiciary and Crown Prosecutors to implement improvements to how sexual offences are prosecuted in Scotland.
Refugee Action	£300k	Supporting the Frontline Immigration Advice Project that helps individuals and organisations secure accreditation and registration with the Office of the Immigration Services Commissioner to deliver accurate, good quality advice.
Southwark Law Centre	£104k	Working in partnership with Social Inclusion Recovery Group to recruit, train and support a team of community advocates to provide advice and information for parents of minoritised children who are at risk of exclusion from school.
The AIRE Centre (Advice on Individual Rights in Europe)	£30k	Developing training on EU retained law and social welfare entitlements to ensure that local authorities, legal advisers and frontline workers, who engage with vulnerable EEA nationals and their families, understand their current immigration and social welfare rights.

The Immigration Law Practitioners' Association	£150k	Supporting pre-litigation research and third-party interventions that change law, policy and practice for people discriminated against because of their migration status.
Wiltshire Law Centre	£80k	Supporting development of the Law Centre through expanding its advice and representation to include housing and discrimination legal services.

The Stronger Sector programme also includes wider programmes and collaborations that the Foundation has instigated in order to tackle particular strategic challenges facing the sector.

Justice First Fellowship

The Justice First Fellowship is the Foundation's scheme to support the next generation of social justice lawyers. Since 2014, more than 120 Fellowships have been awarded across all four nations in the UK over eight cohorts, with recruitment currently underway for a ninth cohort that will start in April 2023. The Foundation has invested around £7.7 million in the scheme so far. Further expansion in the scale of the programme has been helped by the contributions of other funders and law firms now totalling over £4.1 million. 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 88 Fellows that have graduated from the scheme, 90 percent are working as lawyers in roles using law for public benefit.

Fellows reflect a diverse range of backgrounds with a large proportion coming from minoritised communities 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 extremely 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.

Justice First Fellows are continuing to manage the impacts of shifts to hybrid working which reduced their opportunities for networking, court exposure and developing their project work. Reform to solicitor training under the Solicitors' Qualifying Examination (SQE) 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 conducted this year which will inform how we take the scheme forward in 2022-23.

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 increasingly 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.

This year we appointed Deborah Acquah as Justice First Fellowship Manager. This post – our first with a full-time focus on the JFF scheme – will draw together the team at the Foundation that delivers the programme and Deborah is already extending the support we offer to Fellows and to host organisations. In early July 2022, we held our first JFF summer school residential at the University of Birmingham. It was wonderful opportunity for Fellows to meet each other and to work together, particularly after all the uncertainty and isolation brought about by Covid.

The Community Justice Fund

The Community Justice Fund was established in March 2020 as a 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 raise and distribute resources quickly to where they were needed. The work was driven and overseen by a steering group made up of advice sector umbrella bodies and frontline organisations.

Conscious that the effects of the pandemic would reach beyond the first lockdown, support was envisioned in two waves. Over £15million was raised and distributed with substantial contributions from the Ministry of Justice and the National Lottery. The fund went on to support 179 organisations. 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.

Although the Community Justice Fund helped to reduce the impacts of financial losses, the sector is still facing cashflow cliff edges in 2022-23 due to a combination of ongoing reduced income, increased demand, rising costs 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.

TLEF has contributed considerable staff time and resource to the Community Justice Fund, and it has been a successful vehicle for furthering our strategic objectives. In particular, it has leveraged significant external funds towards the aims of our Stronger Sector programme.

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. 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.

A focus for the grant-making has been 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).

Key context for this programme

- A coordinated and comprehensive review of the UK’s constitutional settlement is underway. Major legislation was approved this year which will have profound impacts on rights and on civil society’s ability to engage. These include The Nationality and Borders Act 2022, The Police, Crime, Sentencing and Courts Act 2022, The Judicial Review and Courts Act 2022 and The Elections Act 2022.
- The Queen’s speech in May introduced further proposals including a new Bill of Rights which will reform the Human Rights Act 1998, a Brexit Freedoms Bill which will give ministers new powers and make it easier to amend EU laws, a Data Reform Bill which will form the UK’s data protection regime, A Victims Bill and a Levelling up and Regeneration Bill.
- The UK’s decision to leave the EU has caused significant challenges for the carefully constructed peace settlement in Northern Ireland and added fresh momentum to historic conflicts around identity and future constitutional arrangements that are increasingly confrontational in nature. Northern Ireland’s power sharing devolved government has effectively collapsed under the weight of these challenges.
- There is a renewed focus in Scotland on independence, with the First Minister Nicola Sturgeon asking the UK Supreme Court to rule on the legality of holding a new referendum on Scottish independence.
- All of this is set within the broader context of uncertainty and anxiety around increased financial hardship, the pressure being placed on civil society organisations working on anti-racism and social justice agendas, and the erosion of democratic norms.
- The decision of the Supreme Court in the US to repeal Roe vs Wade has caused great anxiety and concern over the impact in the US and more widely of efforts to row back other progressive rulings.

Grants

Below is a table of new grants awarded under the Fairer Systems programme in the year to 30 June 2022:

Child Poverty Action Group (CPAG)	£475k	Carrying out research, analysis and advocacy to ensure the Universal Credit system operates lawfully including in its use of automated decision-making.
Human Rights Consortium	£250k	Supporting an alliance of civil society organisations from across the UK to scrutinise and influence constitutional, administrative and legal changes taking place in the UK following withdrawal from the EU.

Human Rights Consortium Scotland	£200k	Creating and disseminating legal education resources, and facilitating civil society collaborations, so that Scottish civil society can scrutinise and influence legal, constitutional and administrative changes in Scotland and across the UK following withdrawal from the EU.
Just Fair	£70k	Building the capacity of civil society organisations to inform and advise policymakers and decision-makers about the implications of Covid-19 and withdrawal from the EU on economic, social, and cultural rights in the UK.
JUSTICE	£70k	Carrying out analysis and advocacy of government proposals for constitutional reform in relation rule of law principles, access to justice and protection of individual rights.
Open Trust	£77k	Working with the media, policymakers, and civil society to assess and increase transparency, accountability, and the protection of rights by examining the effectiveness of legal mechanisms that allow scrutiny over government decisions.
the3million	£99k	Building a network of civil society allies to support the creation of a culture of data and human rights compliance in relation to the collection, use and sharing of data on migrants by the UK state.
The Bureau of Investigative Journalism	£70k	Supporting new, community-centred investigations that strengthen the evidence base, raise public awareness and inform decision makers about the protection of rights in our legal systems.
The Constitution Unit (part of University College London)	£300k	Informing public and practitioner debate on constitutional principles and democratic standards in the UK.

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 the series of concerted direct delivery, engagement, and influencing activities. The

primary vehicle for this is through the creation of a new strategic initiative called Justice Lab UK. Further recruitment to the team will be taken forward in 2022-23.

The Lab is delivering 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

Justice Lab: Key projects

Digital Justice

At the end of 2019, the Foundation published the report *Digital Justice* that contained a series of important recommendations to HM Courts and Tribunal Service and the Ministry of Justice around improving the collection, governance and use of justice system data. The Foundation has continued to maintain pressure on the Ministry of Justice to fund and implement the recommendations. This work has led to:

- a report from the Public Accounts Committee and recommendations requiring the Ministry of Justice to report on progress in response to the Digital Justice report in their treasury minute.
- a report from the House of Lords Constitution Committee calling on HMCTS to set out plans for implementing each of the recommendations of the Digital Justice report, the steps that will be taken and the timeline for doing so.
- amendments tabled to the Police Crime Sentencing and Courts Bill.
- work to form new alliances and relationships in parliament and with wider civil society organisations.
- evidence provided by Justice Lab for urgent action to improve data that is collected by the courts being cited in a publication by the House of Commons Justice Committee on court capacity.
- The National Audit Office's latest report into the backlog in criminal court cases cited Justice Lab's evidence around the paucity of ethnicity data collected in the justice system.
- The lab funded The Bureau of Investigative Journalism to carry out research into the experience of tenants facing eviction in the housing court. The report was featured across the BBC and print media. This highlighted the stories of people affected by the justice system, whose voices and experiences are not heard because they are missing from official data.

Open Justice in the digital age & the need to develop clear governance mechanisms for justice data

- New court and tribunal decisions from the superior courts of record – The Supreme Court, Court of Appeal, High Court, and Upper Tribunals – are now available on The National Archives Find Case Law site. This was a key recommendation of the Digital Justice report. The Foundation provided grant support the British and Irish Legal Information Institute (BAILII) to support the transition to this new service.

- Justice Lab hosted an online event: Justice Data in the Digital Age; balancing risks and opportunities which led to the Justice Select Committee carrying out a short inquiry to which Justice Lab gave evidence.
- Justice Lab has engaged with the Open Government Partnership to develop the next Open Government Action Plan (“OGAP”) and co-chaired the Open Justice working group where we worked to shape a commitment focussed on improving access to, and the governance of, court data.
- Justice Lab commissioned Ipsos Mori to undertake independent polling and deliberative research exploring public attitudes to commercial access to justice data. This is the first time in the world that attitudes research of this type has been carried out. The aim is to catalyse further interest in justice data governance and to finalise the process for the Shadow Senior Data Governance Panel on which Justice Lab sits, and which has been delayed until October 2022.

Research & Evaluation projects

- Justice Lab partnered with NatCen and the Centre for Homelessness Impact in a successful bid to carry out the first ever Randomised Control Trial in England and Wales exploring the impact of early legal advice in welfare benefits, debt and housing cases (the Early Legal Advice Pilot). Feasibility work for the evaluation has begun, and the Lab has been able to use its position as evaluators to examine closely the design of the programme.
- Justice Lab has commissioned Policy in Practice to examine the feasibility of undertaking a retrospective matched controlled study using administrative data to understand impact of legal advice on outcomes.

Community Data

- Justice Lab is taking forward an ambitious strategy to support not for profit organisations in the access to justice sector to increase their data capacity and skills. The strategy involves developing data curiosity, skills and leadership; providing data focused resources and tools tailored for the access to justice sector; and network building and influencing the wider sector.
- The Lab has developed a series of short, accessible papers to support the sector on their data journeys. This includes papers explaining a) what data standards are and how they can be applied– which has been the basis for further discussions with MoJ b) how to develop a community of practice– which Justice Lab will use to develop a data community of practice to support workers that have data responsibilities; and c) how to increase data leadership capacity in the sector.
- Justice Lab has provided support to the Justice Together Initiative (JTI) with commissioning a learning partner and has led on developing a data project with the JTI and North East Law Centre for a data practitioner to work with North East Law Centre and partners to develop data skills and understanding focusing on client demographics, legal issues and service referral pathways. The work commenced in July 2022 and will be a precursor to Justice Lab’s data cohort project.

Consultation responses:

- Mediation:
 - Justice Lab submitted a response to the Ministry of Justice’s Dispute Resolution in England and Wales: Call for Evidence. This involved commissioning an academic based at the University of Oxford, Dr Daisy Ogembo, to conduct a rapid evidence review exploring the impact of mediation on outcomes, experience and bias.

- Data & Data centric technologies
 - Justice Lab submitted a response to the DCMS proposals to change data protection regulations (Data: A new direction). Several proposals had worrying implications for trust in data sharing for research, privacy rights, and discrimination under the Equality Act 2010. To support our submission, and in response to requests from other civil society organisations, Justice Lab alongside our Fairer Systems colleagues instructed leading equality law experts Robin Allen QC and Dee Masters to analyse the impact of proposed reforms on discrimination under the Equality Act 2010 which was published under the title “The impact of proposals within: “Data a New Direction on discrimination under the Equality Act 2010”.
 - In partnership with Fairer Systems, Justice Lab submitted a response to the Law Commission’s consultation on its 14th programme of law reform. The response offered strong support for the Law Commission’s proposal to develop a new legal framework to support the use of automated decision-making by public sector bodies.
- Victims Bill
 - Justice Lab has submitted evidence to the Justice Committee as part of the pre-legislative scrutiny of the Victims Bill, highlighting deficiencies with the current victim scorecards and calling on government to implement better data collection about court processes and stronger accountability to support victims.

More widely, the Lab is taking forward its work by building alliances and collaboration with a wide range of stakeholders and institutions including ESRC, ADR UK, GOVNET, the President of the Family Division’s Transparency Implementation Group, the wider senior judiciary, and the OECD.

Deepening our understanding of oppression

This has been a year of activity and further reflection as we seek to deepen our understanding of systems and structures that lead to discrimination, inequity, exclusion and oppression, including our own role in these. A working group of colleagues from across the organisation was formed in 2020 initially with a frame of advancing diversity, equity and inclusion. The group developed an action plan across the Foundation’s work including governance, strategy, grants and programmes, policy, operations and finance.

However, the past year has seen us want to push further, to locate this work in a deeper analysis of systems of oppression and to ask ourselves how we do more to reduce, and not perpetuate, structural inequalities that have existed and been further starkly exposed. This includes committing to place lived experience at the heart of our work.

One area of the organisation driving this work is the Justice Together Initiative, the collaborative programme hosted by the Foundation under our Justice Collaborations subsidiary focused on reform of the immigration system. This has pursued a particular focus on anti-oppression and anti-racism given that these are such core values to that work. The Grants Committee overseeing this programme has been recruited with a majority of people with lived experience of the immigration system and of racial discrimination. Recruitment of the staff also emphasised the focus on lived experience. Stated aims of the initiative include funding reaching a wider range of organisations, particularly those that are led by people with lived experience of the immigration system, and that people with lived experience of the immigration system take a lead in influencing and setting the direction for social change.

All the staff working on JTI and the members of the Grants Committee have been involved in a series of workshops, training, discussions and wider reading, supported by consultants Tatiana Garavito and Raggi Kotak driven by an anti-oppression and anti-racist framing.

This work been important to JTI’s thinking and to wider work at the Foundation. It has been constructive, helping us to build on the activities in train, and to develop a better shared understanding of each other and where we want to

get to. It has been hard, especially for those on our team who have themselves directly experienced discrimination. The safety and dignity of those colleagues is a priority as we explore this work.

We have reflected on the capacity needed to move forward and will be looking at how an anti-oppression frame relates to other characteristics such as disability, gender, sexuality and age. Considering our organisation and wider systems in the context of White Supremacy Culture characteristics gave us insights into how our work supports inequitable power structures, some of which are wider than race. The process has helped us to identify systems, constructs and behaviours where this happens. In the next year, we will be taking forward this approach with colleagues in the wider Foundation and with our board.

Also this year, the Foundation was one of the organisations randomly selected to be assessed under the Foundation Practice Rating. This is an initiative, instigated by Friends Provident Foundation, to rate foundations' practice on diversity, accountability and transparency. The Foundation was rated as C, A, A respectively, with a B overall. We used the exercise to have useful discussions with the board and our staff. There are some areas where practice that is already in place can be better reported by us, and this annual report is an opportunity to do that, for example, on pay equity, recruitment practice and living wage. On other metrics, such as publishing a breakdown of the diversity of our staff and board or setting targets to improve diversity, we have concluded that more thought needs to go into this. We have a small staff and board and there is a challenge in collecting this data in small organisations. We felt it was better, as with our other work, to connect this with wider commitments and processes on engaging staff, ensuring our recruitment and human resources policies are progressive, and this is already helping us to make progress on diversity and lived experience. We also feel that measures such as economic background are important and relevant.

Across all this work, however, we recognise that this is a process of learning and reflection and that our approach will evolve over time as we deepen our understanding. It is clear that it is a driving force for staff and board alike with commitment to take this work forward in meaningful ways.

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 (JTI) which has a 10-year strategy.

JTI's vision is that people who use the immigration system can access justice fairly and equally, so that they can get on with their lives. Its mission is to build a community of people and organisations with diverse backgrounds, strengths, and experience to transform access to justice in the UK immigration system. Through grant-making and collaboration, we will connect lived experience, front-line advice and influencing strategies to create lasting change.

JTI funding is being distributed through open grant rounds, phased across regions and devolved nations. Funding is initially for three years and usually includes costs of management support, staff care and embedding anti-racism strategies. Organisations which are funded (grant partners) join and shape the community of impact, connecting regularly to share intelligence, tackle shared issues and build stronger action for change. JTI aims to fund in a way that seeks to bolster the health, dynamism, sustainability and influencing capacity of the sector over the next decade. By the end of June 2022, grant awards of over £10 million had been committed to the initiative by 16 organisations and others are considering joining either by directly funding the initiative or by providing aligned funding.

ORGANISATIONAL TRANSITION

This year, two of our Governors came to the end of their terms of office. Roger Finbow and Guy Beringer QC (hon) CBE both initially joined the board as Governors of the College of Law and played key roles in guiding the organisation through the transition from College of Law to The Legal Education Foundation and in developing the strategy and programmes of the Foundation. Paddy Sloan took on the role of Chair and new Governors Hetan Shah, Rupen Shah and Alex Temple joined the board.

Alongside these changes, a significant programme of work was instigated to facilitate succession plans in key roles, and to restructure the Foundation's operations, systems and policies to support an expanded staff team that is delivering a wider range of programmes. Alan Humphreys and Jill Gale left the Foundation in April 2022, receiving a warm send off from colleagues inside and outside the Foundation and tributes to the contributions both had made to the College of Law and then the Foundation. Alan is continuing as a trustee of the College of Law Pension and Assurance Scheme (COLPAS). In October 2021, Adam Pokun joined the Foundation as Director of Operations. Clare Johns was promoted to Head of Finance and Belinda Berry promoted to Operations Manager. We also welcomed new recruits - Charlotte Peel as Learning Manager, Alex Mik as Grants Officer, Alex Shedden as IT Manager and Deborah Acquah as Justice First Fellowship Manager. All our new colleagues are already making terrific contributions to the Foundation and make us even more excited for the years ahead.

PRIORITIES FOR 2022-2023

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 rounds in 2022-2023.
- Continue to deliver and develop the Justice First Fellowship programme.
- Undertake proactive collaboration, grantmaking and advocacy in wider pursuit of our strategic objectives, especially in response to issues arising from the ongoing impacts of the cost-of-living crisis and wider efforts to promote social justice.
- Take forward the four components of the work programme of the Justice Lab.
- Develop further the Justice Together Initiative.
- Develop further the Foundation's use of communications in engaging with the field and seeking to have wider influence.
- 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 32 to 62. These show that the Group had net expenditure before investment gains for the year of £9.5 million (net expenditure £5.7 million in 2021).

The equivalent figures for the Foundation on a standalone basis are net expenditure before investment gains of £6.7 million in 2022 and £5.1 million in 2021.

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.

The impact of the conflict in Ukraine caused a significant fall in the value of the fund in the first half of 2022. However, this follows a period where the portfolio returns had been significantly higher than the target (portfolio return from inception to 30 June 2022 +5.9%, 2021 +7.5%).

A long period of world equity market decline would however endanger this target and may require the Governors to reconsider their annual expenditure.

More information is contained in the Investment Management and Performance section of this report.

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 £1,029k (£561k in 2021) in the year.

The principal source of funds of the Foundation's subsidiary is restricted grants from other charitable foundations and organisations (2022: £1.7 million; 2021: £2.7 million).

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 2022, £9.0 million (£8.1 million in 2021) was taken from the Capital Fund for grant and operational expenditure.

Cash balances in the Foundation as at 30 June 2022 were £6.8 million (£12.2 million in 2021). In 2021 £6.4m of this sum was earmarked for long-term investment. All long term investment cash was transferred to Sarasin & Partners in September 2021 to be managed as part of the overall capital investment portfolio.

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 £4.5 million as at 30 June 2022 (£4.7 million in 2021). It is the intention to hold each bond until its maturity.

In addition, cash balances in the subsidiary as at 30 June 2022 were £5.4 million (£3.2 million in 2021).

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 Finance, Audit and Risk Committee, with advice from the Investment Committee when required. 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 ratings meet standards approved by the Investment Committee. During the year these remained as being institutions with an 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 2021 showed a surplus, on the Statutory Funding Basis, of £23.2 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 2022		30 June 2021	
	Funding %	Surplus/(Deficit) £Million	Funding %	Surplus/(Deficit) £Million
Statutory Funding	108	14.9	107	18.4
FRS102 Valuation	128	40.7	122	45.4
Solvency	96	(8.7)	91	(25.6)
Pension Protection Fund	137	53.0	137	70.6

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 2022 the value of the Capital Fund was £262.7 million compared to a target maintained real value of £272.3 million.

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 2022 was £2.7 million (£5.6 million in 2021).

	Group	Foundation
	£000's	£000's
Total Funds	265,148	262,477
Less: Restricted Funds	(2,674)	(3)
General Funds	262,474	262,474
Less: Amount held for Pension Liability	(2,103)	(2,103)
Free Reserves	260,371	260,371

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 (£2,103k; 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, Audit and Risk 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 £9.4 million for the Foundation for the period to 30 June 2023. This sum will be taken from the capital fund during the year.

Review of Investment management

Following their appointment in mid-2021, Sarasin & Partners managed the process of moving from the multiple managers selected by Cambridge Associates to their own custody and management. The first transactions took place in September 2021 and the process was effectively completed by the end of December 2021. The Investment Committee oversaw the process and held regular quarterly meetings with Sarasin & Partners LLP, to monitor progress, performance, markets and the investment background. Over the initial seven months of their appointment, new reporting formats have been agreed which are more in keeping with the segregated, discretionary investment services they provide.

The Foundation joined the Principles of Responsible Investment in 2019 and submitted its first annual report covering the year to 31 December 2020 in Spring 2021. Feedback from the submission is expected to be received in the last quarter of 2022.

Investment policy statement

The Investment Policy Statement covers the following main areas:

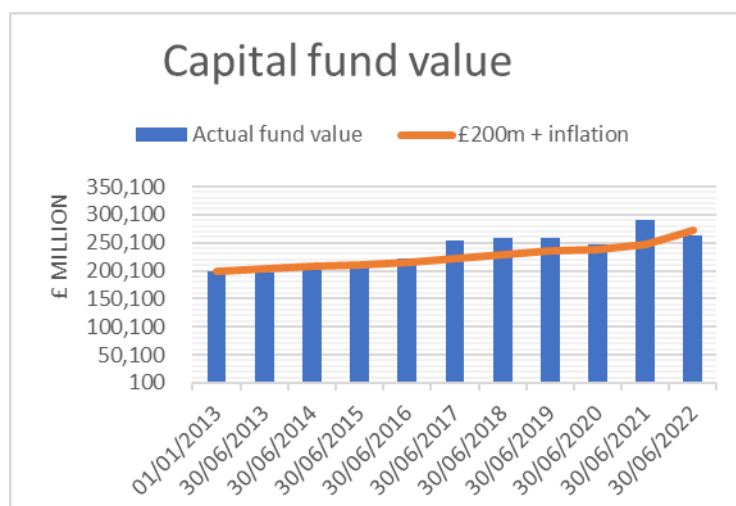
- The intention over the medium term to maintain the real value of the Capital Fund.
- The aim to provide over the long-term an annual sum equal to 3.5% of the Capital Fund for grant and operational expenditure.
- The Foundation's attitude to risk.
- The Foundation's commitment to responsible investment.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

Investment Performance

While markets finished 2021 on a high, this year was challenging for investment assets. Inflation rose sharply due to a tight labour market, constrained supply chains, and rising energy prices, which were further pressured by the war in Ukraine. Central banks have had to respond by aggressively raising interest rates, which has triggered declines in both equity and bond markets. These challenges have been compounded by fears of weakening economic growth, which may result in lower company earnings.

Although markets performed robustly over the end of Cambridge Associates' tenure and the first half of our financial year, the turbulence noted above occurred in the latter half and Sarasin & Partners first period of management. Over the full twelve months to 30th June 2022, the Foundation's investment portfolio generated a return of -6.2%. Within this, during Sarasin's opening seven months of management, a return of -7.5% was generated which was fractionally ahead of the benchmark after costs.

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's value at 30 June 2022 had fallen below its target, the period since its creation is only 9 years. It is likely that there will continue to be volatility in future years. The Foundation was 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: this is something Sarasin & Partners concurred with on appointment.



The table below shows the performance of the investment portfolio against the long-term target.

Performance Over (annualised)	Portfolio Return 2022 %	Portfolio Return 2021 %	Inflation* 2022 %	Inflation 2021 %	Over/ (Under) 2022	Over/ (Under) 2021
1 Year	-6.2	20.7	10.2	3.8	-16.4	+16.9
3 Years	4.3	7.2	5.0	2.6	-0.7	+4.6
Since Inception (2013)	5.9	7.5	3.8	2.5	+2.1	+5.0

* RPI used until 31.12.21 then changed to CPI

Asset allocation

The following table sets out the position of the portfolio as at 30th June 2022, together with a comparison to the benchmark and the ranges within which we allow Sarasin & Partners to operate:

Asset Classes	30/06/2022	Strategic Benchmark	Tactical Tilt	Operating Parameters
	%	%	%	Low to High
Cash / Liquid Assets	5.2	0.0	5.2	0 to 10
Fixed Income	4.4	10.0	(5.6)	0 to 20
Bonds & Cash	9.6	10.0	(0.4)	0 to 30
Global Equities	69.5	75.0	(5.5)	60 - 90
UK Physical Property	6.7	5.0	1.7	0 - 10
Alternatives	14.2	10.0	4.2	0 - 20
	100.0	100.0		

The alternatives assets are invested in reasonably liquid specialist investment vehicles, which result in exposure to, amongst other things: commodities, private equity, private debt, debt & equity-oriented infrastructure, renewable energy and hedge funds.

Environmental, social and governance factors in investments

The Foundation has confirmed its commitment to the environmental, social and governance (ESG) agenda in its investment policy by becoming a member signatory of the United Nations Principles for Responsible Investment (PRI).

One of the Foundation's reasons for appointing Sarasin & Partners was their leadership in a range of ESG initiatives and the transparency of their reporting on their activities. Recent activity relating to voting, governance, engagement with investee companies, policy work with governments and regulators, together with a review of pertinent issues are presented to the Foundation on a quarterly basis for comment and discussion.

Holdings

An analysis of the Capital Fund holdings is provided at Note 7 on page 44.

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 trustees are responsible for identifying, managing and monitoring the risks facing the organisation and for mitigating these risks so as to arrive at an acceptable risk appetite.

A Risk Register is maintained that lists and ranks all identified risks via a traffic light system. The register shows gross and net risk for each identified item of risk, mitigations which are already in place and identifies any further action required and who is responsible for that action.

The Governors review the risk register at every meeting and the Foundation's Senior Management Team uses the Risk Register as a key tool, regularly reviewing risks and the implementation of mitigating actions.

Principal residual risks

The Governors consider the following to be the principal residual risks and ensure that appropriate mitigations are in place and are monitored.

Operational	Inadequate cyber security protections in place lead to data corruption/loss, introduction of malware/ransomware, and data protection breach
External	Significant changes occur in the constitutional, legislative and / or regulatory environment in which the Foundation operates that restricts our ability to deliver our strategic objectives
Governance	Trustee body does not reflect diversity in terms of skills, protected characteristics or lived expertise which leads to poor decision making and loss of credibility

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.

Following the merger of the Audit and Finance & General Purposes Committees, the Governors now have four 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, 12th October 2022, 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 Governors are provided with an induction programme during which they have the opportunity to meet with the key management personnel 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 is considered by the Nominations Committee annually.

Charity Governance Code

The Foundation is committed to best practice in governance. The Audit Committee undertook a review of compliance with the Charity Governance Code in July 2021. The results of the review confirmed that the Foundation and its subsidiary continued 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. A further review is scheduled for 2022/23.

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. More information regarding the Foundation's approach to anti-oppression work can be found on page 14 of this report.

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 has worked with an expert consultant to develop its anti-oppression aims.

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.

Committees

Investment Committee

The Investment Committee normally meets four times a year. In addition to the Governor Members there are two 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, Audit and Risk Committee

The Finance, Audit and Risk Committee (formed from a merger of the Audit and Finance & General Purposes Committee in July 2022) will usually meet 4 times a year.

In addition to the Governor Members there is a professionally qualified accountant external member. The Chair has a finance background. The auditors, who regularly attend the meetings, 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.
- monitoring the effectiveness of the internal control systems and reviewing risk management policies, systems and the Risk Register.
- considering the appointment, resignation or dismissal of the external auditors.
- reviewing and approving budgets, forecast and other financial projections.
- pension matters.
- property matters.
- reserves policy; and
- such other matters as are referred to it by the Governors.

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.

Approval of remuneration and benefits for staff was the responsibility of the Finance and General Purposes Committee throughout the year ended 30 June 2022. That responsibility has been passed to the Nominations Committee from October 2022.

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, considers each application for grants of over £40k, 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 £40k with a maximum total amount of all such grants in any one year of £300k. 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 final grant monitoring report which summarises activities and lessons. 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.

Staff Remuneration

Remuneration of senior management has previously been decided following detailed advice from recruitment and remuneration consultants. The only changes to have taken place in the year to 30 June 2022 are cost of living increases which were approved 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 12 October 2022, are shown in the following table.

Committee membership at 12 October 2022

	Grants, Programmes and Learning	Investment	Nominations	Finance , Audit and Risk Committee
Guy Beringer (left 24.11.21)				
Rupert Baron		Chair		
Ailsa Beaton		X		X
Roger Finbow (left 24.11.21)				
Jonathan Freeman	X		Chair	
Vivek Luthra		X		X
Alison Pickup	X			
Monica Risam			X	X
Hetan Shah	X			
Rupen Shah				Chair
Paddy Sloan - Chair	Chair		X	X
Alex Temple	X			

In addition:

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

David Haysey is a professional investment external member of the Investment Committee. Lord Charles Hemphill also served as an external member of that committee during the year to 30 June 2022.

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 the senior management team (comprising of the Deputy Chief Executive (until April 2022), Director of Grants, Director of Operations, Director of Research and Director of Strategy).

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 continued to have 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.

Guy Beringer and Roger Finbow ended their terms of office as Governors of the Foundation during 2022. Lord Charles Hemphill also completed his term as an external advisor to the Investment Committee in May 2022. They have each served the Foundation with great skill and energy and we thank them all for their years of service.

Approved by the Board of Governors on 12 October 2022.

Paddy Sloan

Paddy Sloan
Chair

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 2022 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 2022 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 21, 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 13 October 2022

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 2022

	Note	2022 Unrestricted £'000	2022 Restricted £'000	2022 Total £'000	2021 Unrestricted £'000	2021 Restricted £'000	2021 Total £'000
Income							
Investments	2	2,664	-	2,664	2,572	-	2,572
Donations and Legacies	2	-	2,466	2,466	-	2,736	2,736
Other	2	20	-	20	-	-	-
Total Income		2,684	2,466	5,150	2,572	2,736	5,308
Expenditure on:							
Raising Funds (investment management costs)	5	493	-	493	258	-	258
Charitable activities	5	8,312	5,348	13,660	7,378	3,390	10,768
Other	5	517	-	517	17	-	17
Total	5	9,322	5,348	14,670	7,653	3,390	11,043
Net (expenditure)/income before investment gains & losses		(6,638)	(2,882)	(9,520)	(5,081)	(654)	(5,735)
Net gains/(losses) on Investment	7,9	(20,818)	-	(20,818)	48,694	-	48,694
Net income/(expenditure)		(27,456)	(2,882)	(30,338)	43,613	(654)	42,959
Other recognised Gains and Losses:							
Actuarial (loss)/gain on defined benefit Pension Scheme	14	(4,278)	-	(4,278)	(17,721)	-	(17,721)
Restriction of movement on Pension Scheme Asset	14	4,979	-	4,979	17,659	-	17,659
Net movement in Funds		(26,755)	(2,882)	(29,637)	43,551	(654)	42,897
Reconciliation of Funds							
Total Funds brought forward	13	289,229	5,556	294,785	245,678	6,210	251,888
Total Funds carried forward		262,474	2,674	265,148	289,229	5,556	294,785

The Statement of Financial Activities includes all gains and losses recognised in the year. The notes on pages 36 to 62 form part of these financial statements.

Statement of Financial Activities of the Individual parent charity for the
Year Ended 30 June 2022

	Note	2022 Unrestricted £'000	2022 Restricted £'000	2022 Total £'000	2021 Unrestricted £'000	2021 Restricted £'000	2021 Total £'000
Income							
Investments	2	2,664	-	2,664	2,572	-	2,572
Donations and Legacies	2	-	1,029	1,029	-	561	561
Other	2	96	-	96	139	-	139
Total income		2,760	1,029	3,789	2,711	561	3,272
Expenditure on:							
Raising Funds (investment management costs)	5	493	-	493	258	-	258
Charitable activities	5	8,388	1,120	9,508	7,516	536	8,052
Other	5	517	-	517	17	-	17
Total	5	9,398	1,120	10,518	7,791	536	8,327
Net (expenditure)/income before investment gains & losses		(6,638)	(91)	(6,729)	(5,080)	25	(5,055)
Net gains/(losses) on Investment	7,9	(20,818)	-	(20,818)	48,694	-	48,694
Net Income/(expenditure)		(27,456)	(91)	(27,547)	43,614	25	43,639
Other recognised Gains and Losses:							
Actuarial (loss)/gain on defined benefit Pension Scheme	14	(4,278)	-	(4,278)	(17,721)	-	(17,721)
Restriction of movement on Pension Scheme Asset	14	4,979	-	4,979	17,659	-	17,659
Net movement in Funds		(26,755)	(91)	(26,846)	43,552	25	43,577
Reconciliation of Funds							
Total Funds brought forward	13	289,229	94	289,323	245,677	69	245,746
Total Funds carried forward	13	262,474	3	262,477	289,229	94	289,323

The Statement of Financial Activities includes all gains and losses recognised in the year. The notes on pages 36 to 62 form part of these financial statements.

Balance Sheets as at 30 June 2022

	Note	Group 30 June 2022 £'000	Foundation 30 June 2022 £'000	Group 30 June 2021 £'000	Foundation 30 June 2021 £'000
Fixed Assets					
Fixed Asset Investments	7	262,654	262,654	289,946	289,946
		262,654	262,654	289,946	289,946
Current Assets					
Debtors	8	4,780	1,924	6,732	1,383
Current Asset Investments	9	10,836	10,836	10,448	10,448
Cash at bank and in hand		5,866	439	3,212	25
		21,482	13,199	20,392	11,856
Creditors due within one year	10	(10,673)	(7,360)	(7,595)	(6,460)
Net current assets		10,809	5,839	12,797	5,396
Total assets less current liabilities		273,463	268,493	302,743	295,342
Creditors due after more than one year	11	(6,212)	(3,913)	(5,111)	(3,172)
Net assets excluding pension liabilities		267,251	264,580	297,632	292,170
Pension liability	14	(2,103)	(2,103)	(2,847)	(2,847)
Net Assets		265,148	262,477	294,785	289,323
Funds					
General funds		264,577	264,577	292,076	292,076
Less: pension liability	14	(2,103)	(2,103)	(2,847)	(2,847)
General funds after pension liability		262,474	262,474	289,229	289,229
Restricted funds	13	2,674	3	5,556	94
Total Funds	13	265,148	262,477	294,785	289,323

Approved and authorised for issue by the Board of Governors on 12th October 2022

Paddy Sloan

Rupen Shah

P Sloan (Chair of Governors)

R Shah (Chair of Finance, Audit and Risk Committee)

The notes on pages 35 to 65 form part of these financial statements.

Consolidated statement of cashflows

	Note	30 June 2022 £'000	30 June 2021 £'000
Cashflows from operating activities:	20	(6,217)	(4,789)
Cashflows from investing activities:			
Dividends, interest and rents from investments		2,785	2,962
Proceeds from sale of investments		340,691	57,132
Purchase of investments and bonds		(333,950)	(51,647)
Net cash provided by investing activities		9,526	8,447
Change in cash and cash equivalents in the reporting period:		3,309	3,658
Cash and cash equivalents at the beginning of the reporting period		8,939	5,281
Cash and cash equivalents at the end of the reporting period		12,248	8,939

Cash and cash equivalents include cash at bank and in hand £5,866k (2021: £3,212k) and cash held in short term deposit accounts £6,382k (2021: £5,727k).

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 financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the second edition of the Charities Statement of Recommended Practice issued in October 2019 applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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 20. A review of the financial position of the Foundation, its cash flows, liquidity position and investment position are set out in pages 16 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 2022, 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 33.

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 October 2021 and Sarasin & Partners in the period to 30 June 2022), 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. Going concern

The Governors have reviewed the Foundation's forecasts and projections covering a period that exceeds twelve months from the date of signing these financial statements and based on the levels of available cash, commitments made by funders and having taken into account economic conditions, the Governors are satisfied that the Foundation has adequate resources to continue in operation for the foreseeable future. Accordingly, the going concern basis has been used in preparing these financial statements.

i. 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.

j. 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.

k. Pension costs

For the defined benefit scheme, the amount charged to resources expended is the current service 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.

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 are charged to the Statement of Financial Activities as they are incurred.

l. Value added tax

Expenditure is stated gross of irrecoverable value added tax (VAT).

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.

m. 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 incurred on its UK investment income and part or all of its investment income earned in other jurisdictions.

n. Provisions

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

o. 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.

p. 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.

q. 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	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Investment Income				
Income from investment funds	2,524	2,419	2,524	2,419
Interest on Bonds	138	131	138	131
Interest on short term fixed deposits and cash funds	2	22	2	22
	2,664	2,572	2,664	2,572
Voluntary Income				
Grants	2,466	2,736	1,029	561
Other Income	20	-	96	139
	5,150	5,308	3,789	3,272

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

3. Transactions with Governors and Connected Persons
Group and Foundation

The number of Governors who claimed travel and subsistence expenses was 2 (2021 - 2). The total amount claimed in each of these years was less than £1k. The Governors do not receive any remuneration.

4. Net Income/(Expenditure)

	2022 £'000	2021 £'000
Net Income/(Expenditure) for the Year are stated after charging:		
Operating Leases – Rent of Land and Buildings:		
Foundation only	68	121
 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	31	28
Justice Collaborations	15	14
 Other services		
Justice Collaborations – tax return	-	1

5. Analysis of Total Expenditure

Group	Staff Costs £'000	Other £'000	Total 2022 £'000	Total 2021 £'000
Raising Funds				
Investment Management Costs	67	426	493	258
Charitable activities				
- Grants	-	11,232	11,232	8,715
- Grant-making and Research	859	315	1,174	1,012
- Other Direct costs	437	681	1,118	910
- Governance	10	126	136	131
	1,306	12,354	13,660	10,768
Other				
Pension Scheme Management Costs	68	399	467	53
Other Pension Scheme Charges	-	56	56	(36)
Onerous lease	-	(6)	(6)	-
	68	449	517	17
	1,441	13,229	14,670	11,043

Foundation	Staff Costs £'000	Other £'000	Total 2022 £'000	Total 2021 £'000
Raising Funds				
Investment Management Costs	67	426	493	258
Charitable activities				
- Grants	-	7,308	7,308	6,153
- Grant-making and Research	754	297	1,051	969
- Other Direct costs	404	648	1,052	831
- Governance	10	87	97	99
	1,168	8,340	9,508	8,052
Other				
Pension Scheme	68	399	467	53
Other Pension Scheme Charges	-	56	56	(36)
Onerous Lease		(6)	(6)	-
	68	449	517	17
	1,303	9,215	10,518	8,327

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

	2022 £'000 Group	2022 £'000 Foundation	2021 £'000 Group	2021 £'000 Foundation
Wages and Salaries	1,047	945	963	855
Social Security costs	122	110	106	95
Pension costs	272	248	174	171
	1,441	1,303	1,243	1,121

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	Group 2022 No.	Group 2021 No.
£60,001 - £70,000	1	2
£70,001 - £80,000	2	2
£80,001 - £90,000	1	1
£110,001-£120,000	1	-
£120,001 - £130,000	1	2

The above amounts include as appropriate salary, medical insurance costs and employee contributions to pension schemes made through salary sacrifice.

During the year ended 30 June 2022 five of the staff included in the salary banding table above were active members of the defined contribution pension scheme and one was not a member of any scheme. During the ended 30 June 2021 six of the staff in the salary banding table were active members of the Foundation's defined benefit pension and one was not a member of any scheme.

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

	2022 No.	2021 No.
Foundation	17	15
Justice Collaborations	3	3

The average full-time equivalent number of employees in the Group was 17 (2021:16).

Remuneration of Key Personnel

Key Management Personnel are deemed to comprise the Trustees, Chief Executive and Senior Management Team (comprising: Director of Grants, Director of Operations, Director of Strategy, Director Research and, until April 2022, Deputy Chief Executive).

Their aggregate remuneration in the current year including pension benefits was £578k (2021: £548k). The prior year figures have been restated (previously shown as £285k). This is due to the widening of the list of those considered to be key management personnel to reflect the collaborative nature of the management structure. In the previous years only the Chief Executive and Deputy Chief Executive were included.

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 (2022: £124k, 2021: £124k) and the median salary (2022: £50k, 2021: £55k) in the Group is 2.48:1, (2021: 2.26:1). The ratio of the top salary to the lowest as at 30 June 2022 was 3.76:1 (2021: 3.9:1). These calculations are based on Full Time Equivalent salaries before pension salary sacrifice adjustments.

6. Tangible Assets

Group and Foundation

	Furniture & equipment £'000	Total £'000
Cost at 1 st July 2021	7	7
Additions	-	-
Cost at 30 th June 2022	<u>7</u>	<u>7</u>
Depreciation at 1 st July 2021	7	7
Provision for Year	-	-
Depreciation at 30 th June 2022	<u>7</u>	<u>7</u>
Net book value at 30 th June 2022	-	-
Net book value at 30 th June 2021	-	-

7. Fixed Asset Investments

Group and Foundation

	2022 £'000	2021 £'000
Market Value at 30th June		
Pooled Funds		
Growth driver funds	13,622	227,847
Diversifier funds	51	36,612
Inflation sensitive funds	-	19,132
Fixed income	11,076	-
Equities	173,118	-
Property	16,581	-
Alternatives	35,433	-
Cash/liquid assets	12,773	6,355
	<u>262,654</u>	<u>289,946</u>

The investment portfolio was held solely in a range of managed pooled funds until September 2021. Following the appointment of Sarasin & Partners as investment managers the majority of the holdings in pooled funds were sold and the proceeds transferred to Sarasin's to invest on behalf of the Foundation. The cash and short-term deposits held as part of Fixed term investments were also transferred to Sarasin & Partners.

Reconciliation of opening & closing Market Values

	2022	2021
	£'000	£'000
Market values as at 1 st July 2021	283,591	231,468
Additions at cost	339,454	60,478
Disposals at cost	(340,691)	(57,132)
Investment gains/(losses)	(19,700)	48,777
Market value of investments as at 30 th June 2022	262,654	283,591
Historical cost of investments at 30 th June 2022	277,387	196,125

Reconciliation of movements in unrealised gains on Investment Assets

	2022	2021
	£'000	£'000
Unrealised gains at 1 st July 2021	87,466	51,944
Movement in the year	(102,199)	35,522
Unrealised (losses)/gains at 30 th June 2022	(14,733)	87,466

8. Debtors

	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
	Group	Foundation	Group	Foundation
Other Debtors	12	12	663	663
Onerous Lease	667	667	500	500
Intercompany	-	23	-	39
Prepayments and accrued income	4,101	1,222	5,569	181
	4,780	1,924	6,732	1,383

The Onerous lease balance relates to £667k (2021:£500k) due from the lease assignee in instalments commencing in January 2022. The amount of this debt repayable in more than 1 year is £nil (2021:£333k). See note 18 for more information regarding the onerous lease.

9. Current Asset Investments

2022
£'000

2021
£'000

Group and Foundation

Cash and Cash Deposits	6,381	5,727
Short-dated Bond Portfolio	4,455	4,721
	10,836	10,448

Losses on the short-dated bond portfolio in the year were £237k (2021: losses £68k). The increased level of losses resulted from a number of bonds, which were purchased at a premium in 2017, maturing in 2022.

10. Creditors due within one Year

	2022 £'000	2022 £'000	2021 £'000	2021 £'000
	Group	Foundation	Group	Foundation
Grants Payable	9,655	6,768	6,890	5,802
Other Creditors	577	203	342	327
Income & Social Security	37	33	37	34
Accruals	404	356	326	297
	10,673	7,360	7,595	6,460

11. Creditors due after more than one year

	2022 £'000	2022 £'000	2021 £'000	2021 £'000
	Group	Foundation	Group	Foundation
Grants payable	6,212	3,913	5,111	3,172

12. Analysis of net assets between funds**Group**

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000	Total 2021 £'000
Fixed assets	262,654	-	262,654	289,946
Current assets	13,196	8,286	21,482	20,392
Liabilities <1 year	(7,360)	(3,313)	(10,673)	(7,595)
Liabilities >1 year	(6,016)	(2,299)	(8,315)	(7,958)
	262,474	2,674	265,148	294,785

Foundation

	Unrestricted	Restricted	Total	Total
	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000
Fixed assets	262,654	-	262,654	289,946
Current assets	13,196	3	13,199	11,856
Liabilities <1 year	(7,360)	-	(7,360)	(6,460)
Liabilities >1 year	(6,016)	-	(6,016)	(6,019)
	262,474	3	262,477	289,323

13. Funds**Movements in funds - Group**

	At	Movement	At
	1.7.21	in funds	30.6.22
	£'000	£'000	£'000
General funds	292,076	(27,499)	264,577
Funds excluding pension liability	292,076	(27,499)	264,577
Unfunded pension liability	(2,847)	744	(2,103)
	289,229	(26,755)	262,474
Restricted funds	5,556	(2,882)	2,674
Total funds	294,785	(29,637)	265,148

Movement in funds - Foundation

	At	Movement	At
	1.7.21	in funds	30.6.22
	£'000	£'000	£'000
General funds	292,076	(27,499)	264,577
Funds excluding pension liability	292,076	(27,499)	264,577
Unfunded pension liability	(2,847)	744	(2,103)
	289,229	(26,755)	262,474
Restricted funds	94	(91)	3
Total funds	289,323	(26,846)	262,477

Restricted Funds

	At 1.7.21	Income	Expenditure	At 30.6.22
	£'000	£'000	£'000	£'000
Foundation				
- Justice First Fellowship	94	1,029	(1,120)	3
Justice Collaborations				
- Justice Together Initiative	5,462	1,687	(4,478)	2,671
Less: grant awarded by parent to subsidiary	-	(250)	250	-
Consolidated Group total	5,556	2,466	(5,348)	2,674

Justice First Fellowship

Information on the Justice First Fellowship is included in the Governors' Report on page 7. 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 Initiative.

14. Pension (Liability)/Asset**Group and Foundation**

The Foundation operates a funded defined benefit contributory Pension Scheme providing benefits based on members' final pensionable salary at retirement, death or leaving service. The Scheme was closed to new members during 2019 and closed to accrual on 31 August 2021.

When the defined benefit scheme closed to new members, new staff members were auto enrolled into the NEST scheme. Following the closure of the defined benefit scheme to future accrual, a new Group Self Invested Pension (GSIP) scheme was set up. All staff, of both the Foundation and its subsidiary were members of the GSIP at 30th June 2022.

The defined benefit 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, Life Assurance Contributions and administration costs to the Scheme of £340k (2021:£168k) comprising normal contributions of £340k (2021: £168k) and special payments of £nil (2021: £nil). Contributions totalling £nil (2021: £nil) were prepaid at the year end. Contributions of £14k for the month of June 2021 were due and paid shortly after 30 June 2021.

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:

	2022	2021
	%	%
Discount rate	3.9	1.95
Future increase in RPI	3.1	3.2
Future increase in CPI	2.3	2.2
Future increase in salary	2.5	2.5
Retail price Index pension increases		
- max 5%	2.5	3.1
- max 2.5%	2.15	2.2
Future rate of pension increases in deferment	2.3	2.2

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 PxA16 tables based on Members' year of birth, improving in line with CMI 2021 projections with a 1.5% p.a. long-term trend for females and males.

Average expected future life at age 65:

	1 July 2022	1 July 2021
Male currently aged 65	23.7	23.1
Female currently aged 65	25.7	25.0
Male currently aged 45	25.2	24.7
Female currently aged 45	27.4	26.2

The Assets in the Scheme are:

	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Funded Scheme				
Corporate Bonds and Gilts	116,271		159,593	
Asset Backed Credit	9,733		9,973	
Private Credit	4,694		7,303	
Purchased Annuities	53,212		70,783	
Cash	2,877		3,054	
Total Market Value of Assets	186,787		250,706	
Actuarial value of liabilities	(146,137)		(205,265)	
Net surplus in the funded Scheme		40,650		45,441
Unfunded Pension liability				
Actuarial value of liabilities	(2,103)		(2,847)	
Net deficit in the funded Scheme		(2,103)		(2,847)
Net surplus in the Scheme (funded and unfunded)		38,547		42,594
Less: Irrecoverable pension scheme surplus		(40,650)		(45,441)
Net unfunded Pension liability		(2,103)		(2,847)

The total net surplus of the funded scheme pension liabilities at 30 June 2022 on the FRS 102 basis was £38 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 (-29.3) % (2021: -5.5%).

Sensitivity of Assumptions

	2022 £million	2021 £million
A 0.5% reduction in discount rate	(6.8)	(16.6)
A 0.5% increase in price inflation	4.2	8.8
A one-year increase in average age of member on death	(4.2)	(7.8)

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

	2022 £'000	2021 £'000
Current service cost	41	217
Other costs	1,060	1,039
Past service cost	-	70
Total Operating charge	1,101	1,326
Expected return on Scheme assets	(4,858)	(4,302)
Restriction on charge relating to funded pension scheme liability	(222)	(323)
Interest on pension liabilities	4,035	3,375
Net return	(1,045)	(1,250)
Total	56	76

The past service cost value of £70k in 2021, 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 was 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

	2022 £'000	2021 £'000
Actual return less expected return on Scheme assets	(59,589)	(17,620)
Experience loss arising on the liabilities	3,739	1,760
Changes in assumptions underlying the present value of liabilities	51,572	(1,861)
Actuarial gains before restriction	(4,278)	(17,721)
Restriction of negative movement on pension scheme asset	4,979	17,659
Actuarial gains/(losses)	701	(62)
Cumulative amounts recognised as actuarial losses	(41,017)	(41,718)

Movement in liabilities during the Year

	2022 £'000	2021 £'000
Liabilities at the beginning of the year (funded Scheme and unfunded arrangements)	208,112	210,208
Movement in the year:		
Current accrual cost	41	248
Interest cost	4,035	3,375
Past service cost	-	70
Gain on curtailments	(70)	-
Loss on changes in assumptions	(51,572)	1,861
Experience (gain)/loss on liabilities	(3,739)	(1,870)
Experience change in secured pensioner value	(6,016)	(3,235)
Benefits paid	(2,551)	(2,545)
Liabilities at the end of the year (funded Scheme and unfunded arrangements)	148,240	208,112

Liabilities at the year-end included £2,103k (2021: £2,847k) in respect of unfunded arrangements outside the Scheme. £99k was paid in respect of this arrangement during the year.

Movement in Scheme assets during the Year

	2022 £'000	2021 £'000
Scheme assets at the beginning of the year	250,706	270,577
Movement in the year:		
Expected return on Scheme assets	4,858	4,302
Actuarial (loss)/gain	(59,589)	(17,620)
Death in service insurance premiums paid	(6)	(14)
Expenses paid by Scheme	(1,054)	(1,025)
Experience change in secured pensioner value	(6,016)	(3,235)
Employer contributions	340	168
Benefits paid directly from Scheme assets other than annuities	(2,452)	(2,447)
Scheme assets at the end of the year	186,787	250,706

History of experience Gains and Losses

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Scheme assets	186,787	250,706	270,577	241,118	233,634
Pension liabilities: funded scheme and unfunded arrangements	(148,240)	(208,112)	(207,291)	(187,612)	(178,192)
Net surplus/(deficit): funded Scheme and unfunded arrangements	38,547	42,594	63,286	53,506	55,442
Experience adjustments on Scheme assets	(59,589)	(17,620)	29,081	11,632	1,854
Experience adjustments on Scheme liabilities	3,739	1,760	(951)	(1,819)	(139)

Expected contributions payable by the Foundation to the Scheme for the year to 30th June 2023 are £400k. No special payments are planned due to the surplus of £41 million in funded Scheme assets at 30th June 2022.

The contributions expected in the year to 30 June 2023 are only in relation to scheme running costs. No contributions are due in relation to staff pensions due to the closure of the scheme to future 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:

	2022 £'000	2021 £'000
Not later than 1 year	35	68
Two to five years	-	35
	35	103

16. Grants

Foundation	£000s	No.
Fairer systems	1,611	9
Smarter Justice	139	2
Stronger sector – general grants	3,892	21
Stronger sector – Justice first fellowship	1,627	17
Extensions to prior year grants	188	-
Other adjustments to prior year grants	(149)	-
	7,308	49
Justice Collaborations	4,174	
Less: grant award from the Foundation to Justice Collaborations	(250)	

Total	11,232
--------------	---------------

The details of the new grants awarded in the year are shown on the following pages:

Programme	£000s
Fairer Systems	1,611
Child Poverty Action Group (CPAG)	475
Human Rights Consortium	250
Human Rights Consortium Scotland	200
Just Fair	70
JUSTICE	70
Open Trust	77
The Bureau of Investigative Journalism	70
The Constitution Unit (part of University College London)	300
the3million	99
Smarter Justice	139
British and Irish Legal Information Institute	52
Centre for Public Data	87
Stronger Sector	3,892
Access Social Care	239
Advice NI	170
Article 39	118
Central England Law Centre	300
Child Rights and Youth Justice C.I.C.	86
Citizens Advice Liverpool	150
Disability Rights UK	285
Family Rights Group	380
Greater Manchester Immigration Aid Unit	150
Justice Collaborations	250
JustRight Scotland (JRS)	180
Law Centres Network (on behalf of Canolfan Gyfraith Y Gogledd)	20
Legal Aid Practitioners Group (LAPG)	350
Norfolk Community Law Service Ltd (NCLS)	150
Public Interest Law Centre	210
Rape Crisis Scotland	190
Refugee Action	300
Southwark Law Centre	104
The AIRE Centre (Advice on Individual Rights in Europe)	30
The Immigration Law Practitioners' Association	150
Wiltshire Law Centre	80
Total	5,642

Justice First Fellowship Hosts	£000s
Asylum Aid	95
Barking and Dagenham Citizens Advice Bureau	85
Children's Legal Centre (Hillary Rodham Clinton School of Law)	104
Coram Children's Legal Centre Limited	96
Disability Law Service	96
Dundee Law Centre	94
Family Rights Group	104
Greater Manchester Law Centre	80
Hammersmith & Fulham Law Centre	100
Harrow Law Centre	89
Liverpool Law Clinic (part of the University of Liverpool)	104
Mary Ward Legal Centre	108
Maternity Action	110
Norfolk Community Law Service Ltd (NCLS)	107
Refugee Rights Hub, Helena Kennedy Centre for International Justice, Sheffield Hallam University	80
Release Legal Emergency & Drugs Service	83
South West London Law Centres	92
Total	1,627

Grants awarded by Justice Collaborations:

Organisation	Advice and Representation	Influencing	Total
	£000s	£000s	£000s
East Midlands	20	-	20
Nottingham and Nottinghamshire Refugee Forum	20	-	20
England & Wales	-	250	250
Public Law Project	-	250	250
London	1372		1372
Coram Children's Legal Centre Limited	250	-	250
East European Resource Centre (EERC)	132	-	132
Freedom from Torture	270	-	270
Migrants Organise Ltd	350	-	350
South London Refugee Association	300	-	300
Work Rights Centre	70	-	70
National	-	573	573

Asylos	-	155	155
Focus on Labour Exploitation	-	275	275
Reunite Families UK	-	25	25
the3million	-	118	118
Northern Ireland	500	-	500
Law Centre NI	300	-	300
STEP (South Tyrone Empowerment Programme)	200	-	200
Scotland	70	-	70
Settled	70	-	70
South East	500	-	500
Asylum Welcome	389	-	389
Samphire	111	-	111
South West	18	-	18
Bristol Law Centre	18	-	18
Wales	-	96	96
The Bevan Foundation		96	96
West Midlands	75	-	75
Tulia (Registered as Migrant Family Support CIC)	75	-	75
Yorkshire and the Humber	500	200	700
Manuel Bravo Project	250	-	250
Migrant Action	-	200	200
Refugee Action	250	-	250
Total	3,055	1,119	4,174

17. Related party transactions

Grantee	Trustee/Key management	Relationship	Grant awarded in the year ended 30.6.21 £'000s	Grant awarded in the year ended 30.6.22 £'000s	Balance outstanding at 30.6.22 £'000s
Asylum Aid	Alison Pickup	Director	-	95	95
Bingham Centre for the rule of law	Guy Beringer	Co-Chair of Bingham Centre	-	-	21

British and Irish Legal Information Institute (BAILLI)	Guy Beringer	Trustee of BAILLI	-	52	-
Public Law Project	Alison Pickup	Legal Director	393	-	233
			393	147	349

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

Paddy Sloan is an employee of the BBC and during the year £329k of grants were awarded to the Foundation by BBC Children in Need. Paddy Sloan took no part in the decisions to award the grants to the Foundation.

Justice Collaborations

Guy Beringer, Paddy Sloan 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 £250k. (2021: £500k).

During the year, £76k of costs (2021: £139k) were recharged from The Legal Education Foundation to Justice Collaborations. There was a balance due to the Foundation of £23k at 30 June 2022 (30 June 2021: £39k).

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 agreed to repay the Foundation in equal instalments over the 18 months from January 2022 and payments have been made as per the agreement for the period to 30 June 2022. The £667k (2021: £500k) due to the Foundation 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

	2022	2021
	£000s	£000s
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(9,520)	(5,735)
Adjustments for:		
Depreciation charges	-	-
Dividends and interest from fixed asset and current asset investments	(2,785)	(2,962)
Increase/(decrease) in provisions	(744)	(70)
(Increase)/Decrease in debtors	1,952	335
Increase/(decrease) in creditors	4,179	3,705
Difference between pension cost charged and contributions paid	701	(62)
Net cash provided by (used in) operating activities	(6,217)	(4,789)
Analysis of cash and cash equivalents:		
Cash at bank and in hand	5,866	3,212
Current Asset Investments	6,382	5,727
Total cash and cash equivalents	12,248	8,939

21. Comparative Statements of Financial Activities

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

	Note	2021 Unrestricted £'000	2021 Restricted £'000	2021 Total £'000
Incoming from:				
Investments	2	2,572	-	2,572
Donations and Legacies	2	-	2,736	2,736
Other	2	-	-	-
Total Incoming Resources		2,572	2,736	5,308
Expenditure on:				
Raising Funds (investment management costs)	5	258	-	258
Charitable activities	5	7,378	3,390	10,768
Other	5	17	-	17
Total	5	7,653	3,390	11,043
Net (expenditure)/income before investment gains & losses		(5,081)	(654)	(5,735)
Net (Losses)/Gains on Investment	7,9	48,694	-	48,694
Net Income/(expenditure)		43,613	(654)	42,959
Other recognised Gains and Losses:				
Actuarial Gain on defined benefit Pension Scheme	14	(17,721)	-	(17,721)
Restriction of movement on Pension Scheme Asset	14	17,659	-	17,659
Net movement in Funds		43,551	(654)	42,897
Reconciliation of Funds				
Total Funds brought forward	13	245,678	6,210	251,888
Total Funds carried forward		289,229	5,556	294,785

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
Incoming from:				
Investments	2	2,572	-	2,572
Donations and Legacies	2	-	561	561
Other	2	139	-	139
Total Incoming Resources		2,711	561	3,272
Expenditure on:				
Raising Funds (investment management costs)	5	258	-	258
Charitable activities	5	7,516	536	8,052
Other	5	17	-	17
Total	5	7,791	536	8,327
Net (expenditure)/income before investment gains & losses		(5,080)	25	(5,055)
Net (Losses)/Gains on Investment	7,9	48,694	-	48,694
Net Income/(expenditure)		43,614	25	43,639
Other recognised Gains and Losses:				
Actuarial Gain on defined benefit Pension Scheme	14	(17,721)	-	(17,721)
Restriction of movement on Pension Scheme Asset	14	17,659	-	17,659
Net movement in Funds		43,552	25	43,577
Reconciliation of Funds				
Total Funds brought forward	13	245,677	69	245,746
Total Funds carried forward	13	289,229	94	289,323

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

	Unrestricted	Restricted	
	Funds	Funds	2021
	£'000	£'000	£'000
Fixed assets	289,946	-	289,946
Current assets	14,836	5,556	20,392
Liabilities <1 year	(7,595)	-	(7,595)
Liabilities >1 year	(7,958)	-	(7,958)
	289,229	5,556	294,785

Foundation

	Unrestricted	Restricted	
	Funds	Funds	2021
	£'000	£'000	£'000
Fixed assets	289,946	-	289,946
Current assets	11,762	94	11,856
Liabilities <1 year	(6,460)	-	(6,460)
Liabilities >1 year	(6,019)	-	(6,019)
	289,229	94	289,323

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

	At	Movement	At
	1.7.20	in funds	30.6.21
	£'000	£'000	£'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

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