

The Legal Education Foundation

Annual Report & Consolidated Financial Statements

Year to 30 June 2023

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Report of the Governors for the Year Ended 30 June 2023

CONSTITUTION

The Foundation was 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 IN THE YEAR

Context

The context we operate in continues to be incredibly challenging for communities and for organisations in the field.

In May 2023, the Joseph Rowntree Foundation reported that 5.7 million households in the UK did not have enough money to buy food and were skipping meals or cutting back on how much they could eat. Four and a half million people were in arrears with essential costs such as rent and household bills. Just under six million low-income families had unsecured debt through personal loans from banks and credit unions, credit cards, overdraft facilities, payday lenders or licensed doorstep loans. Backlogs in access to health and social services increased across all areas particularly in welfare benefits, immigration and asylum. Work funded by the Foundation dating back to 2018, led by Professor Grainne McKeever at the University of Ulster, has shown the role that unresolved legal problems can play in paths to destitution, particularly relating to areas of law such as welfare benefits, housing, debt, employment, immigration, asylum, education and community care. Government decision-making systems for benefits, immigration and family law are increasingly failing those who need to access them, with backlogs and delays worsening over the past year and particularly in recent months.

And yet, the system that supports people to secure their rights and protections faces a resource crisis. In England and Wales, the provider base has shrunk by more than a third since 2012. Most of the country now lacks any local provision for welfare, immigration, community care or education legal advice, and the field faces intense recruitment and retention challenges. Pressures on this workforce are further intensified by the complexity and depth of the issues presented by those seeking help, often as result of reduced access to statutory services. Organisations have to cope with ongoing competition over funding, the challenges of investing in learning and development and lack of management capacity.

This system, and the people working within it, also faces increasing active hostility from certain political and media quarters.

Deeper structural challenges underpin the practical deficits. Upholding fundamental rule of law principles relating to the transparency and accountability of public institutions is increasingly urgent 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. A comprehensive review of the UK's constitutional settlement is also underway, including testing the limits of parliamentary sovereignty and arrangements for the four nations of the UK. Faith in public institutions continues to be challenged, as is the capacity of wider institutions such as the judiciary and civil society organisations to play their essential roles in a functioning democracy. New legislation debated and introduced this year such as The Nationality and Borders Act 2022, The Police, Crime, Sentencing and Courts Act 2022, The Judicial Review and Courts Act 2022, The Elections Act 2022, The Retained EU Law (Revocation and Reform) Act 2023 and the Illegal Migration Act 2023 have profound implications for rights and civic space, as well for the UK's participation in wider rights frameworks such as the European Convention on Human Rights.

We reported last year that the Foundation had received permission from the Charity Commission and the Privy Council to widen our objects to include promotion of the sound development and administration of law. In the light of that, this year the board has adopted revised wording for our vision, mission and values.

Vision

Our vision is of a just and fair society.

Mission

Our mission is to support communities to use the law to improve their lives and the lives of others.

Our values are:

Trust - We trust our partners, valuing their lived and learned experience, supporting them to make their voices heard, and seeking to be a trusted voice ourselves.

Mutuality - We stand with those taking action to bring collective benefit, and we collaborate and build partnerships with them to accelerate change.

Inclusion - We aim to challenge the systems and structures, including our own, that perpetuate oppression, discrimination, inequity and exclusion. We are clear about our mission and how we decide to use our resources.

Courage - We use the freedom of our independence to confront injustice, and to be energising in supporting work over the long term that will bring about real change.

Reflection - We recognise the complexity of the issues we are tackling and the importance of listening and increasing understanding. We learn from those affected, and we share robust evidence about what is working and how this can be used elsewhere.

We recognised that the current descriptions of these values are principally outward-facing and work is underway with our colleagues to define how these values are reflected inside our organisation and how we will be held to account on living these values.

Strategic objectives

Three programme objectives are driving our work from 2020 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.

Grants awarded in 2022-23	No	£'000s
Stronger Sector	15	2,838
Justice First Fellowship	19	1,974
Fairer Systems	10	1,524
Total	44	6,336

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

Programme	<p>The Stronger Sector programme offers funding for organisations using the law, legal tools and strategies to promote social justice. In December 2022, we revised the funding guidelines for the Stronger Sector programme to reflect our wider charitable objects. Grants can support provision of legal advice or training, and charitable campaigning to protect, promote or develop the law to meet the needs of communities. We are especially interested in how the law can be used to build power in communities that have been historically oppressed.</p> <p>We provide funding for staff costs, direct costs such as travel, subsistence or events, overheads, and small capital items such as IT equipment.</p> <p>In delivering these activities, we welcome collaborations between organisations.</p> <p>We also recognise the role of second-tier organisations (which support other organisations instead of people directly) in developing co-ordinated responses.</p> <p>In many areas, the practical work funded by the programme is informing policy and advocacy work that is successfully influencing wider public policy and public funding locally and nationally.</p>
Anticipated outcomes	<ul style="list-style-type: none"> • Improved availability, appeal and sustainability of careers in social justice law. • A cohort of legal organisations that are effective and sustainable. <p>We are interested in the broad pathways organisations have for pursuing these outcomes, so the grants we make under this programme are flexible.</p>
Key context	<ul style="list-style-type: none"> • Research commissioned by the Community Justice Fund found that the free legal advice sector faces a £30 million funding gap in 2023-24, with over 40,000 people who are the most impacted by the cost-of-living crisis potentially going without the advice and assistance they need. • Direct funding cuts are being experienced by organisations from central and local government public sector funding schemes. Many organisations are also suffering from the end of the European Structural Fund programme. Where organisations are being funded, it is for shorter periods of time. Independent funders report they are heavily oversubscribed. • The Solicitor's Qualifying Exam (SQE) route to becoming a solicitor has now been fully introduced. This is the new centralised way to qualify as a solicitor in England and Wales. It will eventually replace the Legal Practice Course (LPC) route to practice. The January 2023 exam results showed a lower-than-expected pass rate, with potential implications for the scheme's aim of creating a more accessible and easier route to qualifying. This has prompted fears that some organisations will withdraw from offering the route. Other concerns about the route include pressure on already limited training contracts. • The pace and scale of legislative reform continues to make 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 which is already stretched to breaking point. • 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.

	<ul style="list-style-type: none"> Charities and community groups in our field have faced higher demands for help, increases in the cost of providing support at the same time as inflation is eroding the value of grants, contracts, reserves and salaries. Organisations tell us that recruitment and retention of staff is at a crisis point.
Snapshots of progress towards outcomes	<ul style="list-style-type: none"> Greater flexibility in how we fund is allowing organisations to adapt grants to external pressures and move funding around as needed. Capturing aggregate progress across the programme as a whole is challenging and we are investing more in learning activities to develop our approach, including as part of development work on our next strategy. Individual grants have made excellent progress including: Legal Aid Practitioners Group has continued to expand its range of training courses for practitioners including Certificate in Practice Management, Legal Aid Supervision, and the Management & Leadership programme to emerging managers in the legal advice sector. The M&L programme was evaluated by JRSKnoHow and feedback from participants reflects strong positive impacts on management approaches and decision-making having immediate benefits for organisations and the communities they work with. The programme will run again in 2024. Grants to Suffolk Law Centre stretching back to 2018 have helped to establish and consolidate this new centre ensuring that publicly funded free legal advice is now available for people facing eviction and discrimination in Suffolk in this previous advice desert. The newly established North Wales Law Centre has applied for a legal aid contract and is in the process of recruiting a team of solicitors, caseworkers and referral coordinators. Shelter Scotland's Homeless Rights Advocacy project has delivered homelessness law training to housing workers to help with effective advocacy and representation. It has increased integrated frontline provision of homelessness advice and created a network of practitioners. Successful project work and advocacy by Greater Manchester Immigration Aid Unit and Caritas Salford has established a model integrating legal advice into rough sleeping support, with funding from Greater Manchester Council. UCL's work on advancing models for health justice partnerships has identified opportunities to draw in wider health funding and significantly raised the profile of approaches to incorporate access to social welfare legal services in health settings. Clan Childlaw has taken the lead in the development of child centred and trauma informed lawyers in Scotland and has made significant progress in establishing the benefit of a child centred approach to representing children in court and in children's hearings. It has been part of establishing the UK Child Law Network bringing together ten organisations focused on law for children. The network seeks to be a leading source of legal expertise and leadership in respect of the law as it relates to children and lawyers for children. Child Rights and Youth Justice CIC contributed to new good practice guidance for youth court solicitors published by the Solicitors Regulation Authority which recognises that youth court work requires solicitors to have specialist knowledge, skills and awareness. Guidance has been welcomed by the profession and key stakeholders which represents a significant cultural change. The Foundation made a major contribution to the Justice Together Initiative, hosted by our subsidiary Justice Collaborations. This work is described more fully in a section below.

In the year to 30 June 2023, the Foundation made the following new grants to organisations under the Stronger Sector programme.

Civic Power Fund	Contributing to research to map and analyse grant making by social justice funders in the UK.	£20,000
Centre for Military Justice	Developing the organisation's focus on gender based violence/sexual harassment cases taking forward existing cases which include GBV, race discrimination and public law work.	£30,000
Council of Somali Organisations	Building the capacity of Council of Somali Organisations' members from across England & Wales to give quality legal advice, through providing training and support on different areas of law including welfare benefits and housing.	£150,000
Greater Manchester Law Centre	Providing core funding to underpin Greater Manchester Law Centre's role as a specialist regional hub for social welfare advice and a resource for communities seeking justice.	£150,000
Grwp Llywio Canolfan Gyfraith y Gogledd / North Wales Law Centre Steering Group	Supporting development work to establish and launch North Wales Law Centre.	£150,000
Independent Provider of Special Education Advice (IPSEA)	Driving forward change for children and young people with SEND through legal support and policy work.	£150,000
Justice Collaborations	Contributing to a funder collaboration that aims to transform access to justice in the UK immigration system.	£1,232,000
Law Centres Network	Scoping a workforce development framework in Law Centres to help build and sustain a diverse and effective workforce.	£30,000
Legal Aid Practitioners Group	Building the case for an accessible, effective and sustainable legal aid system so practitioners can meet client need	£450,000
Migrants At Work LTD	Improving frontline adviser knowledge and skills on the intersection of immigration and employment law to better identify victims of immigration status-related labour exploitation, criminal exploitation and discrimination.	£62,000
MOSAC	Improving qualified legal advice and support for non-abusing parents and carers.	£85,000
Project Seventeen	Improving the implementation of section 17 Children Act 1989.	£167,000
RCJ Advice	Supporting an organisational development change programme and strengthening the national reach of its legal advice	£200,000

Revoke CIC	Strengthening legal advocacy for young refugees and asylum seekers who are marginalised within the legal system.	£90,000
The Association of Community Organisations for Reform Now Ltd (ACORN)	Supporting community organising in Manchester and Leeds to empower marginalised communities and campaign for change.	£139,406

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

Programme	<p>The Justice First Fellowship is the Foundation's scheme to support the next generation of social justice lawyers. The programme was established to tackle the barriers to a career in this area of law. We seek to provide aspiring social justice lawyers not only with the legal training they need, but also the wider skills, networks and opportunities to develop a long and rewarding career using the law as a tool for social justice.</p> <p>Since 2014, more than 140 Fellowships have been awarded across all four nations in the UK over nine cohorts, with recruitment currently underway for a tenth cohort of host organisations that will offer Fellowships starting in April 2024. 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. AB Charitable Trust, BBC Children in Need, City Bridge Trust, Unbound Philanthropy, Allen & Overy, Herbert Smith Freehills, Linklaters and Skadden Arps Slate Meagher & Flom have partnered with us over multiple rounds.</p> <p>Justice First Fellows are hosted by some of the best social welfare legal organisations in the country. Each year between 15-20 organisations are awarded grants which fully fund the costs of employing Fellows over the two years of their training contracts. Alongside their training, Fellows are supported to devise and run their own project aimed at increasing access to justice and helping Fellows to gain valuable programme development experience, potentially providing a future income stream for their host organisation.</p> <p>Fellows reflect a diverse range of backgrounds with a large proportion coming from minoritised communities or with 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.</p> <p>We bring Fellows together over the course of the two years for additional training, development and networking opportunities. Training covers essential non-legal skills such as project development, fundraising, communications and self-care.</p>
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Anticipated outcomes	<ul style="list-style-type: none"> • Improved availability, appeal and sustainability of careers in social justice law. • A cohort of legal organisations that are effective and sustainable. <p>Within these wider Stronger Sector outcomes, JFF looks further and directly at the ability of Fellows to:</p> <ul style="list-style-type: none"> • develop sustainable careers within social justice law. • advocate for social justice in a way that is accountable and responsive to the needs of their communities.
Key context	<ul style="list-style-type: none"> • Fellows face the organisational challenges highlighted elsewhere in this report with enormous resource constraints and demands facing organisations in the sector. This has an impact on job retention and career development. • Fellows have continued 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.
Snapshots of progress towards outcomes	<ul style="list-style-type: none"> • We carefully track the employment destinations and career development of all Fellows. Of the 88 Fellows that have so far graduated from the scheme, over 91% are working as lawyers using law for public benefit. • 76% of Fellows are working as social justice lawyers in not-for-profit or specialist private law firms. • 15% are working as lawyers in the public sector including central government, local government, regulators and the courts service. • 44% of Fellows have remained in their original host organisation. These are new jobs that have been created and sustained by hosts and Fellows. • Whilst the outcomes of the scheme so far are very positive, wider retention and organisational pressures are going to make sustaining these outcomes increasingly challenging. • Since 2019, we have provided additional wellbeing support to JFFs through Claiming Space, a social enterprise that provides training and wider resources for lawyers working with vulnerable populations. Monthly sessions support Fellows to learn, share and reflect on their practice around dealing with stress, vicarious trauma and burnout and to promote self-care. • In March 2022, 11 JFF alumni took part in our fifth week-long learning exchange to New York to visit inspiring organisations using law for social justice. The visit is coordinated by the US charity Centre for Justice Innovation and chaired across the week by Shauneen Lambe. In July 2023 we brought over 70 current and alumni Fellows together at a residential in Bristol. Feedback showed that fellows formed positive professional relationships and connections, as well as gaining wider skills, awareness and connections relevant to their work. • We are undertaking a survey of JFF alumni to understand their career destinations and motivations. This will initially be conducted anonymously and internally but may be expanded in future and commissioned as longitudinal research. • In 2016, the Foundation launched a co-funding partnership with BBC Children in Need to support Fellowships in children's law organisations. Over twenty new children's lawyers have been supported since then across ten organisations. We also supported networking between the Fellows which contributed to closer connections and collaboration between their organisations. This has been

	<p>formalised through the creation of the UK Child Law Network bringing together ten organisations who promote best practice in legal representation for children, advance reform to policy makers, lawyers, local and national decision makers and identify opportunities for strategic litigation to advance children’s legal rights.</p> <ul style="list-style-type: none"> Beyond the headline figures it is important to recognise that in the course of their work Fellows every day are making 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, authoring regular articles in the press, and being interviewed about their work.
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Twenty new Justice First Fellows (cohort nine) began their Fellowships in 2023 at the following host organisations. This year, the Foundation has invested £1,974k in the JFF scheme.

Asylum Aid	Housing Rights
Barking and Dagenham CAB*	Liverpool Law Clinic (University of Liverpool)
Children’s Legal Centre (University of Swansea)**	Mary Ward Legal Centre
Coram Children’s Legal Centre**	Maternity Action*
Disability Law Service	Norfolk Community Law Service
Dundee Law Centre	North East Law Centre
Family Rights Group**	Refugee Rights Hub
Greater Manchester Law Centre	Release Legal Emergency and Drugs Service
Hammersmith and Fulham Law Centre	South West London Law Centres*
Harrow Law Centre	The Community Law Partnership

* Three hosts in London have been co-funded with Trust for London forming a cluster of organisations focused on employment law.

** Three hosts have been co-funded with BBC Children in Need as part of the existing cluster of organisations focused on children’s law.

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 has been provided across three waves. Over £17million was raised and distributed with substantial contributions from the Ministry of Justice and the National Lottery. The fund has supported 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.

One of the key lessons of the CJF was the need to attract longer term funding at greater scale in order to help organisations deliver what communities need. Through 2022-23 the CJF partners worked together on a successful bid to the National Lottery for £30million to support a legacy fund coming out of CJF called Improving Lives Through Advice. This will be administered by the Access to Justice Foundation. Although the Community Justice Fund and this new fund have helped to reduce the impacts of financial losses, the sector is still facing cashflow cliff edges in 2023-24 due to a combination of ongoing reduced income, increased demand, rising costs and challenges to service delivery.

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. Whilst the direct collaboration on the Community Justice Fund has now drawn to a close, we continue to work with partner funders and the field to address the structural challenges facing the legal advice sector through vehicles such as the National Advice Funders Network and the Network for Justice.

Fairer Systems: Transparency, accountability and the protection of rights

Programme	<p>In December 2022 we revised our Fairer Systems funding guidelines to reflect our wider charitable objects. Under this programme, we fund charitable work that promotes transparency, accountability and the protection of human rights, including economic and social rights. This means that we fund organisations working to hold government institutions and policymakers to account so that they exercise power in the interests of communities and uphold fundamental rights and freedoms.</p> <p>The programme funds work across the UK with organisations aiming to influence national, devolved and local governments. We particularly value community-led and lived experience-led approaches.</p> <p>We provide funding for staff costs, direct costs such as travel, subsistence or events, overheads and small capital items such as IT equipment.</p> <p>In delivering these activities, we welcome collaborations between organisations. We also recognise the role of second-tier organisations (which support other organisations instead of people directly) in developing co-ordinated responses.</p> <p>We work with organisations to ensure funded work operates within the Charity Commission guidance on campaigning and political activity. In May 2023, we commissioned specialist charity lawyer Rosamund McCarthy at Stone King to produce updated guidance on charity campaigning and the Elections Act, to share with grant partners and the wider field.</p>
Anticipated outcomes	<ul style="list-style-type: none"> • Law making processes are transparent, accountable and protect human rights. • Government digital systems, processes and use of data are clear, fair, and protect people's legal rights. <p>We are interested in the broad pathways organisations have for pursuing these outcomes, so the grants we make under this programme are flexible.</p>
Key context	<ul style="list-style-type: none"> • This year saw the introduction a major new legislation with profound impacts on rights and civil society. These include The Nationality and Borders Act 2022, The Police, Crime, Sentencing and Courts Act 2022, The Judicial Review and Courts Act 2022, The Elections Act 2022, the Illegal Migration Act 2023 and the Northern Ireland Troubles (Legacy and Reconciliation) Bill.

	<ul style="list-style-type: none"> Plans were dropped for reform of the Human Rights Act via the introduction of a Bill of Rights, however, elements of anticipated changes to human rights have been and are being taken forward in other legislation. The UK's decision to leave the EU continues to cause significant challenges for the carefully constructed peace settlement in Northern Ireland and fresh momentum has been added to historic conflicts around identity and future constitutional arrangements that are increasingly confrontational in nature. Northern Ireland's power sharing devolved government effectively collapsed under the weight of these challenges and has yet to stabilise. There is a renewed focus in Scotland on independence. The rapidly expanding use of automated technologies in Government decision making has concerning impacts on rights and discrimination without proper transparency and democratic accountability in place. 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.
Snapshots of progress towards outcomes by grant partners	<ul style="list-style-type: none"> Capturing aggregate progress across the programme as a whole is challenging and we are investing more in learning activities to develop our approach, including as part of development work on our next strategy. Individual grants have made excellent progress including: The save our Human Rights Act coalition led by Liberty worked closely on the Bill of Rights Bill. Members of the coalition are now dividing responsibilities on specific bills based on expertise and relevance while remaining connected. Out of the HRA coalition a sector wide group developed focussing on the Illegal Migration Bill. This group organised itself around targeted briefings for the House of Lords, alongside other grantees including Liberty, Public Law Project, Justice and Equally Ours. The Constitutional Development Forum, a group of key constitutional experts (many of whom are funded by the Foundation including the Bingham Centre, the UCL Constitution Unit, the Hansard Society, the Welsh Governance Centre and Public Law Project) have been convening regularly to consider significant constitutional questions and potential reforms. Grant partners such as Hansard Society, Public Law Project and Welsh Governance Centre continue to monitor developments on the retained EU Law bill to inform the sector more widely. Whilst the sunset clause was dropped, the Civil Society Alliance remains active in working to maintain and improve standards and accountability in the proposals that remain. <p>Child Poverty Action Group has carried out in-depth and systematic analysis of how Universal Credit processes align with the social security legislation that underpins them, and the wider rule of law principles of lawfulness, procedural fairness and transparency.</p>

In the year to 30 June 2023, the Foundation made the following new grants to organisations under the Fairer Systems programme.

Centre for Women's Justice	Holding the criminal justice system to account around violence against women and girls.	£150,000
Committee of the Administration of Justice	Embedding Human Rights and Equality in Northern Ireland.	£190,203
Equally Ours	Strengthening a pan-equality civil society network on human rights protection in the UK through research and strategic communication, focussing on lived experience and evidence-based policy making.	£218,500
Hansard Society	Informing practitioner debate about the delegation of legislative power with the Retained EU Law (Revocation and Reform) Act 2023 and wider legislative programme.	
Independent Workers' Union of Great Britain (IWGB)	Strengthening workplace rights for people in insecure work.	£75,000
Institute for Public Policy Research (IPPR)	Carrying out a programme of research and influencing that seeks to explore the democratic implications of the UK's post-Brexit constitutional settlement and provide a reform agenda for law-making in the UK.	£150,000
Institute of Welsh Affairs (IWA)	Taking forward research and engagement with civil society on key constitutional developments affecting Wales, such as consequences of Brexit and approaches to devolution.	£125,000
Liberty	Building a coalition of human rights organisations to protect and strengthen the UK human rights framework.	£300,000
Suzy Lamplugh Trust	Protecting and enhancing the rights of victims of stalking and harassment	£195,000

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 and evaluation of effective interventions and to monitoring the fairness and lawfulness of processes. Whilst other sectors, including health and education, have made significant progress in improving the quality of and access to data, the justice system has lagged behind. A further development was that across 2016-17, we began to see the lack of rigour being applied to attempts to learn from the digital reform of the civil justice system. Even basic questions around whether people progressing through the civil justice system had protected characteristics were not being asked and were not part of service evaluation.

During our first strategic plan (2015-2020) the scale of work needed in this field led the Foundation to develop an approach that moved from traditional grant-making to a series of concerted direct delivery, engagement, and influencing activities. This was gathered under an initiative called Justice Lab UK which ran from 2018 to 2023 led by Dr Natalie Byrom, LEF's Director of Research. Early work, in particular the *Future of Justice Conference* held jointly by the Foundation with UCL and the Nuffield Foundation, led to an opportunity for Dr. Byrom to be seconded into HM Courts and Tribunal Service as *Expert Advisor on Open Data and Academic Engagement*, fully funded by the Foundation. That work culminated in the publication of the report *Digital Justice* which set out 29 recommendations for evaluating the impact of the government's online courts programme, and for ensuring the needs of all court users are understood and fully met in the move to digital justice.

Following publication, the Foundation pursued these recommendations via influencing activities including research, communications, investigative journalism and working closely with parliamentarians and officials in the MoJ, and the wider field. The work was supported by the strategic consultancy firm DRD and a grant to the ESRC. The majority of these recommendations have been accepted and have shaped the data strategy underpinning the £1bn programme of digital court reform and been used to frame the Ministry of Justice funded evaluation of reformed services.

Four key steps were achieved that will leave a lasting legacy for research in this field:

1. Data on protected characteristics is now being collected across reformed digital courts and tribunal services, alongside the implementation of access to justice impact assessments. We are continuing to call on HMCTS to fulfil their commitment to publish these assessments for all services. This data collection fills a critical gap in our understanding of the fairness of court processes.
2. From April 2022, the National Archives took responsibility for creating and maintaining a new publicly available online repository of court judgements. This recognised the importance of court judgments as public documents and created a step change in terms of access and use of judgments data for research. It increased the public funding for judgment publication and preservation from £50k a year to £8m.
3. The creation of a Senior Data Governance Panel within the MoJ to provide independent expert advice to the Lord Chancellor and the Lord Chief Justice on the collection and use of justice data across courts and tribunals. This infrastructure made it possible for information from court records to be made available to researchers as part of the Data First Programme funded by ADR-UK- a £5m programme that is creating linked datasets to support new avenues of research into the court system- including examining ways to improve experience, equity and outcomes.
4. Research carried out in 2020 for the Civil Justice Council to understand the impact of COVID-19 measures on the civil justice and tribunal systems. Recommendations from these reports have shaped the use of remote hearings across the civil courts and set the agenda for future research.

Alongside investment in infrastructure for research, this year Justice Lab took forward work, led by Tracey Gyateng, on improving and increasing the capability of voluntary organisations in the legal field to use data. In partnership with the Foundation's Justice Together Initiative and North East Law Centre, Tracey led work with the North East Partnership to provide data support around client demographics, legal issues & service referral pathways. The work was completed in May. A key finding was that whilst enthusiasm for the project within legal advice support organisations was strong, capacity to be involved was a key barrier to undertaking improvements to their data collection. The project had to shift from developing data skills within legal advice and support organisations, to the external consultants providing data capacity. A further finding was that data on client referrals and some demographics were particularly deficient. This acts as a barrier for supporting people to receive the appropriate service when required.

In May 2023, Dr Byrom left the Foundation and will continue policy and advocacy work in this area independently. The Trustees are grateful to her for the expertise, leadership and commitment she brought to this work.

The Trustees reviewed the progress made by the Lab and decided that operations of the Lab would in future be integrated and taken forward from this point through the Foundation's grant making. The resources and reports that the Lab produced continue to be accessible and available online. We will use the remaining period of the current strategy to explore how we will develop our future work on data and evidence in the next strategy.

Grant-making process and practice

The Foundation has joined with over 100 other grant makers in signing up to eight commitments as part of the Open and Trusting grantmaking campaign launched by the Institute for Voluntary Action Research and London Funders. The commitments are:

Don't waste time	Be open
Ask relevant questions	Enable flexibility
Accept risk	Communicate with purpose
Act with urgency	Be proportionate

We have made progress on shifting our funding practice to make longer term, more flexible grants and to make our programmes more accessible and open to a wider pool of organisations. We have successfully reduced the number of unsuccessful applications at first and second stage by making our guidelines clearer and spending more time speaking to organisations before and during the application and assessment process.

We continue to place an emphasis on our work being rooted in people's lived experience of social injustice. We have also received a higher number and proportion of applications from new organisations that we have not previously funded (63% of applications, compared to 42% average across the current strategy).

We publish all our grants data on 360 Giving.

We have been very concerned about organisations dealing with increased costs as a result of the cost-of-living crisis and inflation. We worked with the Community Justice Fund steering group to use the third wave of CJF funds to award additional grants of £12,000 to the majority of the 179 organisations funded by CJF in previous rounds of that programme. Feedback from the sector organisations was very positive saying that the injection of flexible funds at that point was very valuable, especially at a time when flexible funding is so difficult to generate.

As a Foundation, we acted alongside this to award additional contributions of £12,000 to current grantees, to be used flexibly. Overall around fifty current grant partners were supported via the CJF or the Foundation direct. The total cost of awarding these additional grants came to £600,000 distributed via amendments to current grants. As well as the benefit of simplicity, the appeal of a consistent figure across all grantees was to award relatively more to small organisations, which we knew were under particular pressure and likely to have lower amounts of flexible income.

Deepening our understanding of oppression

The Foundation has always been committed to upholding justice, and we have been thinking more deeply about how we can prevent harms from oppressive systems, including our own role in these.

We are calling this area of work 'Power, Culture and Inclusion' which reflects the transformation we are going through in our learning, behaviour and attitudes; and our commitment to rebalancing and shifting power to confront injustice.

We are putting dedicated time and capacity into this work with a member of staff, Sheena Khanna, taking on the role of leading this work. A key step in our journey is working with consultants to support our learning and advise us. We have engaged Raggi Kotak and Tatiana Garavito of Jedi consultancy who are experts in the field of racial justice and anti-oppression. They have started working with the LEF staff and Trustees on training and development.

This is long-term work that cuts across the whole organisation including objectives, strategy, team, operations, values and investments. We will be sharing updates and we welcome conversations about our learning in this field. Across all this work, 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.

Strategy 2025-30

Work is underway to develop our next five-year strategy. A Trustee away day in March 2023 looked across all aspects of our work and operations and set the context and direction for the review. In our first ten years of operation, the Foundation has established itself as a key body supporting the role of law as a tool for social justice in the UK. Trustees are keen for this role as a social justice funder focused on law and legal strategies to be consolidated and enhanced. Trustees acknowledged that the complex and dynamic context for our work will require flexible approaches underpinned by robust learning and reflection. We are also keen to invest in our approaches to influencing and communications, including the question of how we balance using our independent voice with amplifying the voices and influence of those we work with.

The Foundation will particularly look to develop its approach towards learning about and expanding the role of law to build power in communities that have been historically marginalised and oppressed. This is broadly where lawyers work closely together with, and take direction from, communities, to develop solutions to the issues they face. In this role, lawyers and legal organisations support, rather than direct, change. This involves meaningful collaboration with communities to understand their needs and priorities and determine together the best tools to advance social movements and bring about systemic, institutional and cultural change.

The strategy process will involve further discussions with the board, within the staff team, with grant partners and with the wider field. Further input is being provided by an independent advisory group which held its first meeting in June 2023. Panel members bring a particular focus on frontline and lived experience and will provide input and advice to the staff team and Trustees, helping us to reflect, learn and gather insights that will make a practical, long-term difference to how the Foundation's funding is distributed and the nature of the work prioritised. The members of the group are:

- Bayo Adelaja, founder and CEO of Do it Now Now.
- Farida Elfallah, Associate Solicitor in the Scottish Refugee & Migrant Centre, and Justice First Fellowship alumna.
- Fazilet Hadi, Head of Policy at Disability Rights UK, and a Non-Executive Director at Cambridgeshire Community Services NHS Trust.
- Avila Kilmurry, Migration and Peacebuilding Executive at The Social Change Initiative, and member of the Foundations for Peace Network and the Expert Advisory Committee of the Institute for Integrated Transitions.
- Chrisann Jarrett MBE, CEO of We Belong, Trustee of the Queen's Commonwealth Trust and member of UCL Policy Lab Advisory Council.
- Sado Jirde, Director of Black South West Network (BSWN) and active on boards and advisory structures including Bristol's One City Economy, Bristol University Court and Bristol Old Vic.
- Alexander Lyons, consultant, trainer and facilitator in diversity, inclusion, culture and communications.
- Deniz Ugur, Deputy Director of the End Violence Against Women Coalition and Trustee the New Economics Foundation

Communications

We recognise the importance and power of good communications in delivering our vision, mission and strategy. Our current communications activities are delivered via mix of internal capacity and external consultancy around key goals and outputs. 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 including the Justice Committee and the Public Accounts Committee, to Parliamentary inquiries and developed our cross-party connections.

Revised wording for our vision and mission has been adopted this 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 communications will form a key element of work next year as part of developing our new strategy. Communications will be integrated across all areas of the Foundation with our grantmaking, collaboration, learning and influencing.

ORGANISATIONAL DEVELOPMENTS

This year, Rupert Baron reached the end of his term of office as a Trustee having made a wide contribution to the Foundation including as Chair of our Investment Committee. James Wolffe KC, formerly Dean of the Faculty of Advocates and Lord Advocate in Scotland, and Tamsin Evans, Head of Solutions Investment at Schroders, joined the board this year.

Three members of staff left us this year - Carol Coe, Accounts Officer, Emily McCarron, Policy Manager, and Dr Natalie Byrom, Director of Research. Five people joined us - Simon Davey, Head of Digital Transformation and IT (fixed term contract), Julia Himmrich, Policy Manager, Usha Alllear, Finance Officer, Ali McGinley, Head of Grants, and Ines Taylor, Learning Manager (maternity cover).

We have continued to invest in our structures and systems to ensure the Foundation operates efficiently and effectively, and we have boosted capacity in our grants team as part of our commitment to relational grantmaking.

This year saw considerable focus on our digital and IT systems with work across cyber security, our internal administrative systems, IT infrastructure, IT support services and wider digital strategy.

Since 2013, the Foundation had operated across two office sites – Shalford in Surrey, close to the Guildford campus of our predecessor organisation, the College of Law, and London. The Foundation's lease on the Shalford office came to an end in early 2022 and all staff were brought together in a new office in Alfred Place in central London.

We are completing a comprehensive review and update of our HR policies and pay and benefits structure to ensure we are an excellent employer with an open and inclusive culture. We have improved internal communications including enjoying opportunities post-Covid to spend time together again, launching a new HR system and carrying out regular staff surveys.

In March 2023 we carried out a diversity survey with staff, Trustees and external committee members of the Foundation and Justice Collaborations. Data on representation is one element of understanding diversity within our organisation which will help us go further in creating an inclusive workplace.

The questions were based on the protected characteristics in the Equalities Act 2010. We have not made the data public as doing so could identify individuals given our small organisation size. Findings were shared with Senior Management Team to inform what actions are needed. Looking at staff, Trustees and external committee members, we found that in terms of ethnicity, sex and sexual orientation we have a good range when compared to the overall population of England and Wales. We will continue to take forward our commitment to diversity in our organisation. However, the representation of disabled people across the whole organisation is very low in comparison to the overall population. We have therefore identified disability as a key priority area for us to target in staff recruitment. We are making improvements to our recruitment and employment practice, including highlighting reasonable adjustments and renewing our commitment as a Disability Confident Employer.

Trustee recruitment is including more progressive, inclusive language highlighting our desire to target candidates from Disabled, Black and Minoritised communities, LGBTQ+ communities and particularly those with lived experience of social justice issues.

We will repeat the survey in future years to analyse changes to demographics in our organisation. We will consider including extra questions that can assess socioeconomic background and lived experience of social justice issues as this aligns with the work and communities that the Foundation funds. If we choose to make the data from these surveys public in the future, we will consult staff and Trustees in advance. Our wider approach to Power, Culture and Inclusion (PCI) also reflects that fact that diversity is broader than data on representation.

We have introduced improvements to our governance structure with revised terms of references of committees and further action will be taken on this next year. Our Risk Register is used actively by our Senior Management Team and Trustee board to monitor risk and mitigating actions.

We have strong financial systems and procedures that underpin sound management of our finances, investments and the College of Law Pension and Assurance Scheme (COLPAS). This year, we worked with the COLPAS Trustees to ensure a successful handover of the chairing of the scheme to a professional Trustee.

JUSTICE COLLABORATIONS

The Foundation's subsidiary charity, Justice Collaborations (charity number: 1187441), provides a vehicle for hosting joint programmes with other foundations. The first Justice Collaborations programme is the Justice Together Initiative (JTI).

JTI is a ten-year collaborative programme with a vision 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 are connecting lived experience, front-line advice and influencing strategies to create lasting change. Since the Initiative was established, the war in Ukraine and the cost-of-living crisis have further exacerbated the pressures on providers.

JTI funding is being distributed through open grant rounds, phased across regions and devolved nations. Funding is long term and includes costs of management support, staff care and embedding anti-racism strategies. Grant partners funded by the programme are shaping the community of impact created by the scheme, 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 2023, JTI had supported forty grant partners with funding totalling £9million.

Grants are available under two themes:

1. Influencing - these grants support organisations to build influencing capacity, such as through hiring community organising and influencing staff (with a focus on those with lived experience of the immigration system).
2. Advice and representation - these grants support organisations to develop more capacity to deliver more, and better quality, advice services. This can be through hiring new advice staff, with a particular focus on those with lived experience, upskilling existing staff, and entering into partnerships with networks of local organisations to develop advice strategies.

Alongside this funding, JTI also supports grant partners through a Community of Impact that provides workshops and training designed to build capacity and networks. There is an explicit anti-racist element to JTI's work, along with an aim to increase the numbers of people with lived experience working in the sector. This is reflected in the decision making for the programme as a whole which is governed by a grants committee with the majority of its members having personal lived experience of the immigration system.

Learning work carried out by independent consultants has captured the value grant partners place on the thoughtful, expert and relational way in which the JTI staff team work with - and support - the grant partners. This has enabled grant partners to develop a sense of partnership and build trust with JTI, and to raise any issues with staff openly.

There has also been demonstrable and concrete progress towards the Initiative's goals:

Goal 1: A more just and equitable immigration system

Influencing capacity has been built through the funding of increased staff posts. There is also evidence that organisational understanding of strategic litigation and strategic communications and messaging has increased as a result of JTI's support. There has been less progress to date with mobilising and building support around key influencing goals, largely due to an external environment in which undertaking influencing activity is very challenging. Over this period, recruitment and retention of staff has become more difficult. There is an appetite from both funders and grant partners for JTI to further clarify its own role in relation to influencing.

Goal 2: Immigration organisations are more sustainable, better networked and more representative of the communities they serve

Grant partners have strengthened and developed their capacity through JTI's funding and support. They have more paid staff, attracted further funding (beyond JTI funding), and staff have gained new skills and qualifications. Grant partners have also developed stronger, wider networks as a result of being part of the Initiative including wider formal partnerships with other local migration sector organisations; stronger local and grassroots partnerships; and an increased ability to refer between organisations. Moving towards a more professionalised approach with better qualified staff and greater capacity has enabled grant partners to be more strategic in their approach to tackling local and national issues. There is less overall progress towards improved referral routes, as so much time is required to streamline case management systems, whilst demand for services continues to increase.

Across both Goals 1 & 2, greater numbers of people with lived experience are being employed: Of the 46 new roles funded by the programme, 32 have been created for staff with lived experience: 18 into advice roles and 14 into influencing roles. Staff with lived experience can be re-traumatised through their immigration advice and influencing work – supporting them in their roles, therefore, requires care and thought.

Goal 3: More people are able to secure justice

Progress here is reliant on progress being made towards outcomes in Goals 1 & 2. In particular, improved referral routes, increased numbers of staff, and enhanced access to supervision, training and well-being support for staff are intended in the medium-term to increase people's access to good quality, timely legal advice and support. The evidence in this report of progress towards these outcomes, therefore, suggests that headway is also being made towards Goal 3.

There is also further evidence of progress towards this goal: the number of people grant partners anecdotally report as being able to access support has increased, and the quality of the advice and support they are able to offer has improved. However, it is difficult to robustly quantify this increase, as grant partners collect the data in different ways. It is clear that grant partners are operating in an exceptionally challenging context, and questions about the sustainability of the work are very pressing – they would like JTI to hold open conversations about the plans for future funding and sustainability. JTI has done a significant amount of thinking, reflecting and strategising about its work and practice – communicating and discussing this further with grant partners and funders would be welcomed.

FOUNDATION PRIORITIES FOR 2023-2024

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 open grants rounds in 2023-2024. We will take forward work to integrate the mission of Justice Lab into our grant making under Smarter Justice.
- Continue to deliver and develop the Justice First Fellowship programme.
- Undertake proactive collaboration, grantmaking and advocacy in wider pursuit of our strategic objectives.
- 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.
- Continue to strengthen operations to ensure the Foundation works efficiently and effectively.
- Develop further the Foundation's practical progress on Power, Culture and Inclusion.
- Take forward planning for the 2025-2030 strategy.

ALAN HUMPHREYS (Deputy Chief Executive)

In December 2022 we received the sad news that Alan Humphreys had died. As Deputy Chief Executive of the College of Law, Alan oversaw the significant expansion of the College in its number of students, sites and range of courses, in particular to widen access for students by launching the College's first part time courses. Following the sale of the College and the creation of the Legal Education Foundation, Alan took on the role of Deputy Chief Executive and Finance Director establishing the systems and structures at the Foundation and supporting development and implementation our first five year strategy. Over this time, Alan built close relationships with organisations in the field, in particular the Law Centres Network and Legal Action Group, where he supported developments around IT infrastructure, reflecting his long-standing passion for the positive role of technology. He also worked especially closely with our Investment Committee helping to build the Foundation's endowment at the same time as generating over £40million to distribute in grants between 2013 and 2022. Alan retired from the Foundation in April 2022 and had continued as a Trustee of the College of Law Pension and Assurance Scheme (COLPAS). The Trustees would like to recognise Alan's significant contribution to the Foundation.

FINANCIAL REVIEW

Results for the Period

The Financial Statements for the period are set out on pages 35 to 60. These show that the Group had a total expenditure of £13.8 million for the year (£14.7 million in 2022), with net expenditure before investment gains of £2.0 million (£9.5 million in 2022).

The equivalent figures for the Foundation on a standalone basis are a total expenditure of £11.2 million for the year (£10.5 million in 2022), with net expenditure before investment gains of £5.8 million (£6.7 million in 2022). 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 2023 +6.7%, 2022 +5.9%).

A long period of world equity market decline would however endanger this target and may require the Governors to reconsider their annual expenditure. Inflation is also a risk to the valuation of the portfolio as our target return is inflation +3.5%.

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 £152k (£1,029k in 2022) in the year.

The principal source of funds of the Foundation's subsidiary is restricted grants from other charitable foundations and organisations (2023: £8.0 million; 2022: £1.7 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 2023, £9.8 million (£9.0 million in 2022) was taken from the Capital Fund for grant and operational expenditure.

Cash balances in the Foundation as at 30 June 2023 were £4.4 million (£6.8 million in 2022). In 2023, £3.5m of this sum was earmarked for future grant commitments. 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 £5.0 million as at 30 June 2023 (£4.5 million in 2022). It is the intention to hold each bond until its maturity.

In addition, cash balances in the subsidiary as at 30 June 2023 were £6.1 million (£5.4 million in 2022).

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 2023		30 June 2022	
	Funding %	Surplus/(Deficit) £Million	Funding %	Surplus/(Deficit) £Million
Statutory Funding	102	3.3	108	14.9
FRS102 Valuation	116	14.3	128	40.7
Solvency	94	(9.5)	96	(8.7)
Pension Protection Fund	130	33.0	137	53.0

The Governors are in discussion with the Trustees of COLPAS with a view to working towards a buy-out and wind up of the scheme in the medium term. The Finance, Audit and Risk Committee are currently at an exploratory stage with the Trustees of COLPAS who are engaging with a variety of external advisers to ensure the scheme is in the best position to approach insurers for buy-out quotations. The Finance, Audit and Risk Committee will be considering a suite of options during 2023/24 which will form the basis of a proposal to the full Board of Governors.

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 2023 the value of the Capital Fund was £271.3 million compared to a target maintained real value of £272.3 million.

The general funds, after deducting the pensions liability, are the free reserves of the Foundation. The balance on restricted funds at 30 June 2023 was £6.5 million (£2.7 million in 2022).

	Group	Foundation
	£000's	£000's
Total Funds	271,334	264,778
Less: Restricted Funds	<u>(6,559)</u>	<u>(3)</u>
General Funds	264,775	264,775
Less: Amount held for Pension Liability	<u>(1,885)</u>	<u>(1,885)</u>
Free Reserves	<u>262,890</u>	<u>262,890</u>

It is the Governors' policy that the free reserves should increase to reach the value of the capital fund over the long term. As the pension liability (£1,885k; 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 £9.5 million for the Foundation for the period to 30 June 2024. 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.

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.

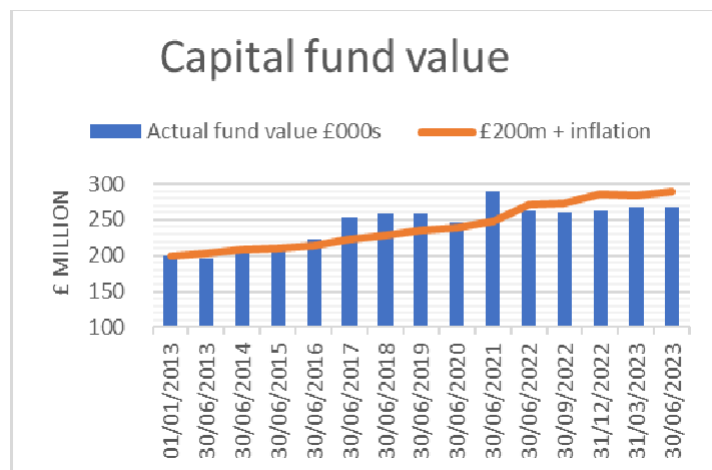
Investment Performance

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 2023 %	Portfolio Return 2022 %	Inflation 2023 %	Inflation* 2022 %	Over/ (Under) 2023	Over/ (Under) 2022
1 Year	5.5	-6.2	6.1	10.2	-0.4	-16.4
3 Years	6.6	4.3	6.7	5.0	0.0	-0.7
Since Inception (2013)	6.7	5.9	3.3	3.8	+3.1	+2.1

* 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 2023, together with a comparison to the benchmark and the ranges within which we allow Sarasin & Partners to operate:

Asset Classes	30.06.23	Strategic Benchmark	Tactical Tilt	Operating Parameters
	%	%	%	Low to High
Cash / Liquid Assets	2.2	0.0	2.2	0 to 10
Fixed Income	10.0	10.0	-	0 to 20
Bonds & Cash	12.2	10.0	2.2	0 to 30
Global Equities	73.5	75.0	(1.5)	60 - 90
UK Physical Property	4.0	5.0	(1.0)	0 - 10
Alternatives	10.3	10.0	0.3	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.

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 47.

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.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

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, 12 October 2023, are shown on page 29. 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.

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

The Justice Together initiative, run by Justice Collaborations, has been developed with a commitment to equity and human rights, inclusion and anti-racism at its core. It has a dedicated Anti-Racism Working Group and 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 is one professionally qualified external member.

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 until October 2022. That responsibility was passed to the Nominations Committee from October 2022.

The committee agreed on 26 May 2023 that they would take on responsibility for overseeing matters and approvals relating to the College of Law Pension and Assurance Scheme.

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 and Remunerations Committee

The Nominations and Remunerations 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 2023 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 2023, are shown in the following table.

Committee membership at 12 October 2023

	Grants, Programmes and Learning	Investment	Nominations & Remuneration	Finance , Audit and Risk Committee
Rupert Baron (left 30.11.22)				
Ailsa Beaton		X		X
Jonathan Freeman	X		X	
Vivek Luthra		Chair		X
Alison Pickup	X			
Monica Risam			X	X
Hetan Shah	X			
Rupen Shah				Chair
Paddy Sloan - Chair	Chair		Chair	X
Alex Temple	X			
James Wolffe (joined 30.11.22)				
Tamsin Evans (joined 24.1.23)		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.

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 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 thank the Foundation's staff and external advisors for their great commitment to the Foundation's vision, mission and values.

Rupert Baron ended his term of office in 2022. He served the Foundation for nine years with skill and energy, and we thank him for his contribution.

Approved by the Board of Governors on 12 October 2023.



Paddy Sloan (Oct 16, 2023 11:49 GMT+1)

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 2023 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 2023 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.

Conclusions relation 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 24, 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 and recognition of donation income as they were the areas where the financial statements are 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, challenging judgments and estimates and reviewing recognition of donation income in line with the SORP criteria.

RSM UK Audit LLP

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 31 October 2023

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 2023

	Note	2023 Unrestricted £'000	2023 Restricted £'000	2023 Total £'000	2022 Unrestricted £'000	2022 Restricted £'000	2022 Total £'000
Income:							
Investments	2	4,939	-	4,939	2,664	-	2,664
Donations and legacies	2	-	6,657	6,657	-	2,466	2,466
Other	2	296	-	296	20	-	20
Total income		5,235	6,657	11,892	2,684	2,466	5,150
Expenditure on:							
Raising funds (investment management costs)	5	919	-	919	493	-	493
Charitable activities	5	9,680	2,772	12,452	8,312	5,348	13,660
Other	5	475	-	475	517	-	517
Total expenditure	5	11,074	2,772	13,846	9,322	5,348	14,670
Net (expenditure)/income before investment gains and losses		(5,839)	3,885	(1,954)	(6,638)	(2,882)	(9,520)
Net gains/(losses) on investments	7,9	7,946	-	7,946	(20,818)	-	(20,818)
Net income/(expenditure)		2,107	3,885	5,992	(27,456)	(2,882)	(30,338)
Other recognised gains and losses:							
Actuarial loss on defined benefit pension scheme	14	(27,255)	-	(27,255)	(4,278)	-	(4,278)
Restriction of movement on pension scheme asset	14	27,449	-	27,449	4,979	-	4,979
Net movement in funds		2,301	3,885	6,186	(26,755)	(2,882)	(29,637)
Reconciliation of funds							
Total funds brought forward	13	262,474	2,674	265,148	289,229	5,556	294,785
Total funds carried forward		264,775	6,559	271,334	262,474	2,674	265,148

The Statement of Financial Activities includes all gains and losses recognised in the year. The notes on pages 39 to 60 form part of these financial statements.

Statement of Financial Activities of the individual parent charity
for the year ended 30 June 2023

	Note	2023 Unrestricted £'000	2023 Restricted £'000	2023 Total £'000	2022 Unrestricted £'000	2022 Restricted £'000	2022 Total £'000
Income:							
Investments	2	4,939	-	4,939	2,664	-	2,664
Donations and legacies	2	-	152	152	-	1,029	1,029
Other	2	296	-	296	96	-	96
Total income		5,235	152	5,387	2,760	1,029	3,789
Expenditure on:							
Raising funds (investment management costs)	5	919	-	919	493	-	493
Charitable activities	5	9,680	152	9,832	8,388	1,120	9,508
Other	5	475	-	475	517	-	517
Total expenditure	5	11,074	152	11,226	9,398	1,120	10,518
Net expenditure before investment gains and losses							
		(5,839)	-	(5,839)	(6,638)	(91)	(6,729)
Net gains/(losses) on Investment	7,9	7,946	-	7,946	(20,818)	-	(20,818)
Net Income/(expenditure)		2,107	-	2,107	(27,456)	(91)	(27,547)
Other recognised gains and losses:							
Actuarial loss on defined benefit pension scheme	14	(27,255)	-	(27,255)	(4,278)	-	(4,278)
Restriction of movement on pension scheme asset	14	27,449	-	27,449	4,979	-	4,979
Net movement in funds		2,301	-	2,301	(26,755)	(91)	(26,846)
Reconciliation of funds							
Total funds brought forward	13	262,474	3	262,477	289,229	94	289,323
Total funds carried forward	13	264,775	3	264,778	262,474	3	262,477

The Statement of Financial Activities includes all gains and losses recognised in the year. The notes on pages 39 to 60 form part of these financial statements.

Balance Sheets as at 30 June 2023

	Note	Group 30 June 2023 £'000	Foundation 30 June 2023 £'000	Group 30 June 2022 £'000	Foundation 30 June 2022 £'000
Fixed Assets					
Fixed asset investments	7	267,631	267,631	262,654	262,654
		267,631	267,631	262,654	262,654
Current Assets					
Debtors	8	6,988	1,142	4,780	1,924
Current asset investments	9	8,494	8,494	10,836	10,836
Cash at bank and in hand		6,975	852	5,866	439
		22,457	10,488	21,482	13,199
Creditors due within one year	10	(11,530)	(8,247)	(10,673)	(7,360)
Net current assets		10,927	2,241	10,809	5,839
Total assets less current liabilities		278,558	269,872	273,463	268,493
Creditors due after more than one year	11	(5,339)	(3,209)	(6,212)	(3,913)
Net assets excluding pension liabilities		273,219	266,663	267,251	264,580
Pension liability	14	(1,885)	(1,885)	(2,103)	(2,103)
Net assets		271,334	264,778	265,148	262,477
Funds					
General funds		266,660	266,660	264,577	264,577
Less: pension liability	14	(1,885)	(1,885)	(2,103)	(2,103)
General funds after pension liability		264,775	264,775	262,474	262,474
Restricted funds	13	6,559	3	2,674	3
Total funds	13	271,334	264,778	265,148	262,477

Approved and authorised for issue by the Board of Governors on 12 October 2023.

Paddy Sloan
Paddy Sloan (Oct 16, 2023 11:49 GMT+1)

P Sloan (Chair of Governors)

Rupen Shah
Rupen Shah (Oct 16, 2023 13:17 GMT+1)

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

The notes on pages 39 to 60 form part of these financial statements.

Consolidated statement of cashflows
for the year ended 30 June 2023

	Note	30 June 2023 £'000	30 June 2022 £'000
Cashflows from operating activities	20	(9,141)	(6,217)
Cashflows from investing activities:			
Dividends, interest and rents from investments		4,939	2,785
Proceeds from sale of investments		126,417	340,691
Purchase of investments and bonds		(123,948)	(333,950)
Net cash provided by investing activities		7,408	9,526
Change in cash and cash equivalents in the reporting period		(1,733)	3,309
Cash and cash equivalents at the beginning of the reporting period		12,248	8,939
Cash and cash equivalents at the end of the reporting period		10,515	12,248

Cash and cash equivalents include cash at bank and in hand £6,975k (2022: £5,866k) and cash held in short term deposit accounts £3,540k (2022: £6,382k).

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 30. A review of the financial position of the Foundation, its cash flows, liquidity position and investment position are set out in pages 19 to 24. 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 2023, 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 35.

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	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Investment Income				
Income from investment funds	4,748	2,524	4,748	2,524
Interest on bonds	162	138	162	138
Interest on short term fixed	29	2	29	2
	4,939	2,664	4,939	2,664
 Voluntary Income				
Grants	6,657	2,466	152	1,029
Other Income	296	20	296	96
	11,892	5,150	5,387	3,789

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 3 (2022 - 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)

	2023 £'000	2022 £'000
Net income/(expenditure) for the year is stated after charging:		
Operating Leases – Rent of Land and Buildings:		
Foundation only	43	68
 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	35	31
Justice Collaborations	16	15
 All other non-audit services:		
Foundation	6	-

5. Analysis of total expenditure

Group	Staff Costs £'000	Other £'000	Total 2023 £'000	Total 2022 £'000
Raising funds				
Investment management costs	-	919	919	493
Charitable activities				
- Grants	-	9,246	9,246	11,232
- Grant-making and research	890	675	1,565	1,174
- Other direct costs	625	896	1,521	1,118
- Governance	10	110	120	136
	1,525	10,927	12,452	13,660
Other				
Pension scheme management costs	-	395	395	467
Other pension scheme charges	-	80	80	56
Onerous lease	-	-	-	(6)
	-	475	475	517
	1,525	12,321	13,846	14,670

Foundation	Staff Costs £'000	Other £'000	Total 2023 £'000	Total 2022 £'000
Raising funds				
Investment management costs	-	919	919	493
Charitable activities				
- Grants	-	6,794	6,794	7,308
- Grant-making and research	892	597	1,489	1,051
- Other direct costs	628	843	1,471	1,052
- Governance	10	68	78	97
	1,530	8,302	9,832	9,508
Other				
Pension scheme	-	395	395	467
Other pension scheme charges	-	80	80	56
Onerous lease	-	-	-	(6)
	-	475	475	517
	1,530	9,696	11,226	10,518

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

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

	2023 £'000 Group	2023 £'000 Foundation	2022 £'000 Group	2022 £'000 Foundation
Wages and salaries	1,235	1,235	1,047	945
Social security costs	127	127	122	110
Pension costs	168	168	272	248
	1,530	1,530	1,441	1,303
Temporary staff costs	5	5	-	-
	1,535	1,535	1,441	1,303

Termination payments of £32,000 were made to 1 person (2022: Nil).

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

	Group 2023 No.	Group 2022 No.
£60,001 - £70,000	1	1
£70,001 - £80,000	2	2
£80,001 - £90,000	-	1
£110,001-£120,000	-	1
£120,001 - £130,000	2	1

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 2023, all six of the staff included in the salary banding table above were active members of the defined contribution pension scheme. During the 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.

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

	2023 No.	2022 No.
Foundation	20	17
Justice Collaborations	-	3

The average full-time equivalent number of employees in the Group was 18 (2022: 17).

Remuneration of key management 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 of Research).

Their aggregate remuneration in the current year including pension benefits was £507k (2022: £578k).

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 (2023: £129k, 2022: £124k) and the median salary (2023: £51k, 2022: £50k) in the Group is 2.48:1, (2022: 2.48:1). The ratio of the top salary to the lowest as at 30 June 2023 was 3.68:1 (2022: 3.76:1). 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 2022	7	7
Disposal in the year	<u>(7)</u>	<u>(7)</u>
Cost at 30 th June 2023	<u>-</u>	<u>-</u>
Accumulated depreciation at 1 st July 2022	7	7
Depreciation disposal in the year	<u>(7)</u>	<u>(7)</u>
Accumulated depreciation at 30 th June 2023	<u>-</u>	<u>-</u>
Net book value at 30 th June 2023	<u>-</u>	<u>-</u>
Net book value at 30 th June 2022	<u>-</u>	<u>-</u>

7. Fixed asset investments

Group and Foundation

	2023 £'000	2022 £'000
Market value at 30th June		
Pooled funds		
Growth driver funds	5,531	13,622
Diversifier funds	51	51
Fixed income	26,876	11,076
Equities	191,113	173,118
Property	10,569	16,581
Alternatives	27,669	35,433
Cash/liquid assets	5,822	12,773
	<u>267,631</u>	<u>262,654</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.

Reconciliation of opening & closing market values

	2023	2022
	£'000	£'000
Market values as at 1 st July	262,654	283,591
Additions at cost	115,561	339,454
Disposals at cost	(126,417)	(340,691)
Investment gains/(losses)	15,833	(19,700)
Market value of investments as at 30 th June	<u>267,631</u>	<u>262,654</u>
Historical cost of investments at 30 th June	<u>272,470</u>	<u>277,387</u>

Reconciliation of movements in unrealised gains on investment assets

	2023	2022
	£'000	£'000
Unrealised (losses)/gains at 1 st July	(14,733)	87,466
Movement in the year	<u>12,061</u>	<u>(102,199)</u>
Unrealised losses at 30 th June	<u>(2,672)</u>	<u>(14,733)</u>

8. Debtors

	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
	Group	Foundation	Group	Foundation
Other debtors	26	26	12	12
Onerous lease	10	10	667	667
Intercompany	-	92	-	23
Tax and social security	20	20	-	-
Prepayments and accrued income	6,932	994	4,101	1,222
	<u>6,988</u>	<u>1,142</u>	<u>4,780</u>	<u>1,924</u>

The onerous lease balance relates to £10k (2022: £667k) due from the lease assignee in instalments commencing in January 2022. See note 18 for more information regarding the onerous lease.

9. Current asset investments

	2023	2022
	£'000	£'000
Group and Foundation		
Cash and cash deposits	3,540	6,381
Short-dated bond portfolio	4,954	4,455
	<u>8,494</u>	<u>10,836</u>

Losses on the short-dated bond portfolio in the year were £224k (2022: losses £237k). The increased level of losses in the prior year resulted from a number of bonds, which were purchased at a premium in 2017, maturing in 2022.

10. Creditors due within one year

	2023 £'000 Group	2023 £'000 Foundation	2022 £'000 Group	2022 £'000 Foundation
Grants payable	10,998	7,683	9,655	6,768
Other creditors	248	244	577	203
Tax and social security	-	-	37	33
Accruals	284	320	404	351
	<u>11,530</u>	<u>8,247</u>	<u>10,673</u>	<u>7,360</u>

11. Creditors due after more than one year

	2023 £'000 Group	2023 £'000 Foundation	2022 £'000 Group	2022 £'000 Foundation
Grants payable	5,339	3,209	6,212	3,913

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

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2023 £'000	Total 2022 £'000
Fixed assets	267,631	-	267,631	262,654
Current assets	10,485	11,972	22,457	21,482
Liabilities <1 year	(8,247)	(3,283)	(11,530)	(10,673)
Liabilities >1 year	(5,094)	(2,130)	(7,224)	(8,315)
	<u>264,775</u>	<u>6,559</u>	<u>271,334</u>	<u>265,148</u>

Foundation

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2023 £'000	Total 2022 £'000
Fixed assets	267,631	-	267,631	262,654
Current assets	10,485	3	10,488	13,199
Liabilities <1 year	(8,247)	-	(8,247)	(7,360)
Liabilities >1 year	(5,094)	-	(5,094)	(6,016)
	<u>264,775</u>	<u>3</u>	<u>264,778</u>	<u>262,477</u>

13. Funds

Movements in funds - Group

	At 1.7.22 £'000	Movement in funds £'000	At 30.6.23 £'000
General funds	264,577	2,083	266,660
Funds excluding pension liability	264,577	2,083	266,660
Unfunded pension liability	(2,103)	218	(1,885)
	262,474	2,301	264,775
Restricted funds	2,674	3,885	6,559
Total funds	265,148	6,186	271,334

Movement in funds - Foundation

	At 1.7.22 £'000	Movement in funds £'000	At 30.6.23 £'000
General funds	264,577	2,083	266,660
Funds excluding pension liability	264,577	2,083	266,660
Unfunded pension liability	(2,103)	218	(1,885)
	262,474	2,301	264,775
Restricted funds	3	-	3
Total funds	262,477	2,301	264,778

Restricted Funds

	At 1.7.22 £'000	Income £'000	Expenditure £'000	At 30.6.23 £'000
Foundation				
- Justice First Fellowship	3	152	(152)	3
Justice Collaborations				
- Justice Together Initiative	2,671	7,770	(3,885)	6,556
Less: grant awarded by parent to subsidiary	-	(1,265)	1,265	-
Consolidated Group total	2,674	6,657	(2,772)	6,559

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 2023.

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 £396k (2022: £340k) comprising normal contributions of £396k (2022: £340k) and special payments of £nil (2022: £nil). Contributions totalling £nil (2022: £nil) were prepaid at the year end.

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:

	2023	2022
	%	%
Discount rate	5.2	3.9
Future increase in RPI	3.2	3.1
Future increase in CPI	2.5	2.3
Retail price Index pension increases		
- max 5%	3.2	2.5
- max 2.5%	2.5	2.15
Future rate of pension increases in deferment	2.5	2.3

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 2022 projections with a 1.5% p.a. long-term trend for females and males.

Average expected future life at age 65:

	1 July 2023	1 July 2022
Male currently aged 65	23.2	23.7
Female currently aged 65	25.3	25.7
Male currently aged 45	24.7	25.2
Female currently aged 45	27.0	27.4

The assets in the scheme are:	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Funded scheme				
Corporate bonds and gilts	86,071		116,271	
Asset backed credit	3,492		4,694	
Private credit	3,144		9,733	
Purchased annuities	43,336		53,212	
Cash	934		2,877	
Total market value of assets	136,977		186,787	
Actuarial value of liabilities	(122,693)		(146,137)	
Net surplus in the funded scheme		14,284		40,650
Unfunded pension liability				
Actuarial value of liabilities	(1,885)		(2,103)	
Net deficit in the funded scheme		(1,885)		(2,103)
Net surplus in the scheme (funded and unfunded)		12,399		38,547
Less: Irrecoverable pension scheme surplus		(14,284)		(40,650)
Net unfunded pension liability		(1,885)		(2,103)

The total net surplus of the funded scheme pension liabilities at 30 June 2023 on the FRS 102 basis was £12 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 (32.3)% (2022: -29.3%).

Sensitivity of assumptions	2023 %	2022 %
A 0.5% reduction in discount rate	7.2	7.6
A 0.5% increase in price inflation	3.3	4.2
A one-year increase in average age of member on death	4.2	4.2

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

	2023 £'000	2022 £'000
Current service cost	-	41
Other costs	892	1,060
Total operating charge	892	1,101
Expected return on scheme assets	(7,211)	(4,858)
Restriction on charge relating to funded pension scheme liability	683	(222)
Interest on pension liabilities	5,718	4,035
Net return	(810)	(1,045)
Total	82	56

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

	2023 £'000	2022 £'000
Actual return less expected return on scheme assets	(51,399)	(59,589)
Experience loss arising on the liabilities	(1,097)	3,739
Changes in assumptions underlying the present value of liabilities	25,241	51,572
Actuarial gains before restriction	(27,255)	(4,278)
Restriction of negative movement on pension scheme asset	27,449	4,979
Actuarial gains	194	701
Cumulative amounts recognised as actuarial losses	(40,823)	(41,017)

Movement in liabilities during the year

	2023 £'000	2022 £'000
Liabilities at the beginning of the year (funded scheme and unfunded arrangements)	148,240	208,112
Movement in the year:		
Current accrual cost	-	41
Interest cost	5,718	4,035
Gain on curtailments	-	(70)
Loss on changes in assumptions	(25,241)	(51,572)
Experience (gain)/loss on liabilities	1,097	(3,739)
Experience change in secured pensioner value	(1,846)	(6,016)
Benefits paid	(3,390)	(2,551)
Liabilities at the end of the year (funded scheme and unfunded arrangements)	124,578	148,240

Liabilities at the year-end included £1,885k (2022: £2,103k) 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

	2023 £'000	2022 £'000
Scheme assets at the beginning of the year	186,787	250,706
Movement in the year:		
Expected return on scheme assets	7,211	4,858
Actuarial loss	(51,399)	(59,589)
Death in service insurance premiums paid	-	(6)
Expenses paid by scheme	(892)	(1,054)
Experience change in secured pensioner value	(1,846)	(6,016)
Employer contributions	400	340
Benefits paid directly from scheme assets other than annuities	(3,284)	(2,452)
Scheme assets at the end of the year	136,977	186,787

History of experience gains and losses

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Scheme assets	136,977	186,787	250,706	270,577	241,118
Pension liabilities: funded scheme and unfunded arrangements	(124,578)	(148,240)	(208,112)	(207,291)	(187,612)
Net surplus: funded scheme and unfunded arrangements	12,399	38,547	42,594	63,286	53,506
Experience adjustments on scheme assets	(51,399)	(59,589)	(17,620)	29,081	11,632
Experience adjustments on scheme liabilities	(1,097)	3,739	1,760	(951)	(1,819)

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 £14 million in funded Scheme assets at 30th June 2023.

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:

	2023 £'000	2022 £'000
Not later than 1 year	-	35
	-	35

16. Grants

Foundation	£000s	No.
Fairer systems	1,524	10
Stronger sector – general grants	2,838	14
Stronger sector – Justice first fellowship	1,974	1
	6,336	43
Justice Collaborations		
Less: grant award from the Foundation to Justice Collaborations	(1,265)	
Total	5,071	

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

Programme	£000s
Fairer Systems	1,524
Centre for Military Justice	30
Centre for Women's Justice	150
Committee on the Administration of Justice (CAJ)	190
Equally Ours	219
Hansard Society	90
Independent Workers' Union of Great British (IWGB)	75
Institute for Public Policy Research (IPPR)	150
Institute of Welsh Affairs (IWA)	125
Liberty	300
Suzy Lamplugh Trust	195
Stronger Sector	2,838
Civic Power Fund	20
Council of Somali Organisations	150
Greater Manchester Law Centre	150
Grwp Llywio Canolfan Gyfraith Y Gogledd / North Wales Law Centre	150
Steering Group	
Independent Provider of Special Education Advice (IPSEA)	150
Justice Collaborations	1,000
Law Centre Network	30
Legal Aid Practitioners Group (LAPG)	450
Migrants At Work Ltd	62
Mosac	80
Project Seventeen	167
RCJ Advice	200
Revoke CIC	90
The Association of Community Organisations for Reform Now Ltd (ACORN)	139
The Immigration Law Practitioners' Association	150
Justice first fellowship	1,974
Bristol Law Centre	107
Central England Law Centre	90
Centre for Women's Justice	119
Child Poverty Action Group (CPAG)	190
Children's Law Centre	102

Community Advice and Law Service	110
Greater Manchester Immigration Aid Unit	103
Greenwich Housing Rights	100
Housing Rights	80
JustRight Scotland	108
Law Centre Northern Ireland	100
North East Law Centre	76
Shelter	102
South Wales Law Centre Ltd trading as Speakeasy Law Centre	86
Southwark Law Centre	140
The Community Law Partnership	76
Tower Hamlets Law Centre	109
Vauxhall Community Law & Information Centre	92
Wilson Solicitors LLP	84
Total	6,336

Grants awarded by Justice Collaborations:

Organisation	Advice and Representation £000s	Influencing £000s	Total £000s
East Midlands	600		600
Community Advice and Law Service	450		450
New Europeans UK	150		150
London	40		40
EERC	20		20
Work R Centre	20		20
East of England	350		350
One Stop Advice & Training Centre	100		100
GYROS (Great Yarmouth Refugee Outreach Support)	250		250
National		770	770
Reunite Families		20	20
Asylos		20	20
Institute for Public Policy Research (IPPR)		158	158
Focus on Labour Exploitation		220	220
Citizens UK		352	352
South West	500		500
Bristol Law Centre	500		500
Wales	400		400
Asylum Justice	400		400
West Midlands	475		475
Coventry Asylum and Refugee Action Group (CARAG)	50		50
The Refugee and Migrant Centre: Black Country and Birmingham	425		425

Cost of Living awards to existing grantees	210	104	314
Development grants	19		19
Norfolk Community Law	19		19
Infrastructure - National	250		250
Asylum Aid	250		250
Total	2844	874	3718

17. Related party transactions

Grantee	Trustee/Key management	Relationship	Grant awarded in the year ended 30.6.22 £000s	Grant awarded in the year ended 30.6.23 £'000s	Balance outstanding at 30.6.23 £'000s
JusticeRight Scotland	Jen Ang	Employee	-	127	285
Asylum Aid	Alison Pickup	Director	95	-	48
British and Irish Legal Information Institute (BAILLI)	Guy Beringer	Trustee of BAILLI	52	-	-
Public Law Project	Alison Pickup	Director	-	-	196
Settled	Jen Ang	Employee	-	13	147
			147	140	676

None of the above Trustees took part in any discussions or decisions regarding a grant to a party to whom they are related. Guy Beringer ceased to be a Governor from November 2021.

Paddy Sloan is an employee of the BBC and during the prior 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.

R Takens-Milne, a member of the senior management of Justice Collaborations and employee of The Legal Education Foundation is also a Trustee of Women for Refugee Women. A grant of £150k was awarded to that organisation in the year ended 30 June 2021. An additional cost of living award of £8k was made in the year ended 30.6.23. The balance outstanding at 30 June 2023 was £83k.

J Lee, a member of the senior management of Justice Collaborations and employee of The Legal Education Foundation is also an employee of Unbound Philanthropy. Unbound Philanthropy awarded a grant of £240k to Justice Collaborations in the year ended 30.6.22.

In addition to the figures above, a grant was awarded to Asylum Welcome in the year ended 30 June 2022. The grant is a partnership with a number of other organisations, including Settled. The share of the funding which will be passed on to Settled over the three years of the grant is £73k. An additional cost of living award of £19k was made to Asylum Welcome in the year ended 30.6.23.

A Pickup is no longer a Director of Public Law Project but was at the time the grant application was approved.

Justice Collaborations

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 grants to Justice Collaborations of £1,265k. (2022: £250k).

During the year, £283 of costs (2022: £76k) were recharged from The Legal Education Foundation to Justice Collaborations. There was a balance due to the Foundation of £92k at 30 June 2023 (30 June 2022: £23k).

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. All payments have been made as per the agreement. The amount due to the Foundation at 30 June 2023 was £10k (2022: £667k) and 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

	2023	2022
	£000s	£000s
Net expenditure for the reporting period (as per the statement of financial activities)	(1,954)	(9,520)
Adjustments for:		
Dividends and interest from fixed asset and current asset investments	(4,939)	(2,785)
Decrease in provisions	(218)	(744)
(Increase)/decrease in debtors	(2,208)	1,952
(Decrease)/Increase in creditors	(16)	4,179
Difference between pension cost charged and contributions paid	194	701
Net cash used in operating activities	(9,141)	(6,217)
Analysis of cash and cash equivalents:		
Cash at bank and in hand	6,975	5,866
Current asset investments	3,540	6,382
Total cash and cash equivalents	10,515	12,248

21. Comparative statement of analysis of net assets between funds**Group**

	Unrestricted	Restricted	2022
	Funds	Funds	
	£'000	£'000	£'000
Fixed assets	262,654	-	262,654
Current assets	13,196	8,286	21,482
Liabilities <1 year	(7,360)	(3,313)	(10,673)
Liabilities >1 year	(6,016)	(2,299)	(8,315)
	<u>262,474</u>	<u>2,674</u>	<u>265,148</u>

Foundation

	Unrestricted	Restricted	2022
	Funds	Funds	
	£'000	£'000	£'000
Fixed assets	262,654	-	262,654
Current assets	13,196	3	13,199
Liabilities <1 year	(7,360)	-	(7,360)
Liabilities >1 year	(6,016)	-	(6,016)
	<u>262,474</u>	<u>3</u>	<u>262,477</u>

22. Comparative statement of movement in funds

Group

	At 1.7.21 £'000	Movement in funds £'000	At 30.6.22 £'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

Foundation

	At 1.7.21 £'000	Movement in funds £'000	At 30.6.22 £'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









FINAL TLEF 2023 Financial Statements - Final 121023

Final Audit Report

2023-10-16

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