

**REPORT OF THE TRUSTEES**  
**AND FINANCIAL STATEMENTS OF**  
**THE COLLEGE OF LAW**  
**PENSION AND ASSURANCE SCHEME**

**FOR THE YEAR**

**ENDED**

**30 JUNE 2021**

**(SCHEME NO. - S 0310918 A)**

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**TRUSTEES AND ADVISERS**

Trustees	Mr D. Sloan (Chairman) Mr C Beanland* Mr A. S. Humphreys Mr R. G. Jones*
	*Member-nominated Trustees
Secretary to the Trustees	Ms J. Gale
Address of the Trustees (principal place of business)	Secretary to the Trustees The College of Law Pension and Assurance Scheme Suite 2, River House Broadford Business Park Shalford Guildford GU4 8EP
Principal Employer (Referred to hereafter as Employer)	The Legal Education Foundation (formerly The College of Law) Suite 2, River House Broadford Business Park Shalford Guildford GU4 8EP
Scheme Actuary	Mr S Tidy FIA Deloitte Total Reward and Benefits Limited Hill House 1, Little New Street London, EC4A 3TR
Administrator	Deloitte Total Reward and Benefits Limited Hill House 1, Little New Street London, EC4A 3TR
Investment Managers	Legal & General Assurance (Pensions Management) Limited One Coleman Street London EC2R 5AA, England  Insight Investment Management (Global) Limited 160 Queen Victoria Street London, EC4V 4LA  Partners Group Private Markets Investment Strategies 6, Rue Eugène Ruppert L-2453 Luxembourg Luxembourg

**THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
TRUSTEES AND ADVISERS**

Investment Managers (continued)

AVC Providers

(policies to 4 September 2001)

AEGON  
Edinburgh Park  
Edinburgh EH12 9SE

(policies from 5 September 2001)

Standard Life Plc  
5 Devonshire Square  
London EC2M 4YD

Auditor

BDO LLP  
31 Chertsey Street  
Guildford  
Surrey, GU1 4HD

Solicitor

Linklaters LLP  
One Silk Street  
London EC2Y 8HQ

Banker

National Westminster Bank plc  
3<sup>rd</sup> Floor, Cavell House  
2A Charing Cross Road  
London WC2H 0NN

Investment Consultants

Hymans Robertson LLP  
Actuaries and Consultants  
First Floor  
One London Wall  
London EC2Y 5EA

Annuity providers

Aviva Annuity UK Limited  
Legal & General Retirement Limited  
Prudential Annuities Limited  
Canada Life Limited

**THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME**  
**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2021**

The Trustees present their Report and the Financial Statements for the year ended 30 June 2021 together with an Investment Report and the Scheme Actuary's actuarial statements.

### **Introduction**

The Report summarises the activities of the Scheme, financial and otherwise, during the year. Further information, including the formal legal documentation, is available on request from the Secretary to the Trustees.

### **Pension and Assurance Scheme**

The College of Law Pension and Assurance Scheme provides defined pension and lump sum benefits payable to Members on their retirement or to their dependants on the Member's death before or after retirement. Full details are in the Scheme Rules which are available on The Legal Education Foundation (Employer's) website and also to Members on request to the Secretary.

The Trustees have periodically carried out the bulk purchase of annuities for pensioners. At 30 June 2021 the Scheme provides 207 pensions in payment to pensioners in this way together with 87 pensions paid directly from Scheme assets.

### **Legal Status**

The Scheme was established on 1 August 1962 and is governed by English Law and by the definitive Trust Deed and Rules dated 23<sup>rd</sup> July 1962 and subsequent amending Deeds.

Active Members were contracted-out of the additional component of the State Earnings-Related Pension Scheme (the State Second Pension from 6 April 2002) up to 5 April 2016.

The Scheme is approved by HM Revenue and Customs and consequently is registered as a tax-exempt Scheme.

The principal place of business of the Scheme is shown on page 2.

### **Trustees**

Trustees are appointed or removed in accordance with the Trust Deed and Rules of the Scheme. The total number of Trustees is currently four of whom two are Member-nominated, the other two being Employer-appointed. Trustees may resign from office at any time by giving not less than one month's written notice to the Employer.

During the year the Trustees met on 9 July, 30 September, 9 December 2020 and 25 March 2021.

A Trustee who is Member-nominated is removed only at the end of their term of office if not re-elected as a Member-nominated Trustee, or on earlier resignation. In March 2019 the two Member-nominated trustees were re-elected for a further three years.

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2021

### Report on Actuarial Position

The most recent full actuarial valuation of the Scheme on an On-going basis (also known as Technical Provisions basis) was made as at 1 July 2018. This showed a surplus in the Scheme of £27.5 million, with the value of the assets representing 113% of the actuarial value of the liabilities (the benefits which had accrued to Members, after allowing for expected increases in earnings). In arriving at this figure the following assumptions were applied:

Rate of return on investments pre-retirement and post retirement	Set by reference to the Bank of England gilt yield curve at each liability duration. The yield at each duration is adjusted upwards by 0.6% to take account of the additional returns expected from the Scheme's assets.
Rate of increase in Active Members' pensionable earnings	Set at RPI inflation minus 0.8% pa subject to a maximum of 2.5% pa.
Rate of increase in price inflation (RPI)	Set by reference to the Bank of England implied inflation curve at each liability duration. A deduction of 0.25% is made to allow for an Inflation Risk Premium.
Retail Price Index for pension increases (maximum 5%)	Based on RPI assumption subject to a maximum of 5.0%. An addition of 1.0% is made as an allowance for the cost of buying in pensioners.
Retail Price Index for pension increases (maximum 2.5%)	Based on RPI assumption subject to a maximum of 2.5%. An addition of 1.0% is made as an allowance for the cost of buying in pensioners.

It should be noted that it is the relationship between assumptions which is important, rather than the assumptions themselves in isolation. So, if the rate of return actually achieved on investments is less than the rate assumed, that is less significant if the rate of price inflation and/or pension increases is in turn less than the rate assumed.

The Employer agreed with the Trustees, who had been advised by the Scheme Actuary, a contribution rate of 29.8% of Active Members' pensionable salaries as from 1 July 2019.

The Trustees regularly monitor changes in the actuarial position of the Scheme. The Scheme Actuary has extrapolated figures from the last full Triennial Valuation, together with actual data where known, to provide the results as at 30 June 2021 as set out below:

	30 June 2021		30 June 2020	
	Funding %	Surplus / (Deficit) £ million	Funding %	Surplus / (Deficit) £ million
On-going valuation	107	18.4	110	26.4
FRS 102 valuation	122	45.4	131	63.3
Solvency	91	(25.6)	90	(33.0)
Pension Protection Fund	137	70.6	134	71.6

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The On-going valuation basis, as referred to in the table above, most closely reflects the full triennial valuation basis.

Mortality assumptions used are in line with 100% of the PxA08 tables based on Member's year of birth, improving in line with 2019 projections A = 0.5%, with a 1.5% p.a. (1.0%) p.a. long-term trend for males (females).

**Average expected future life at age 65:**

	<b>1 July 2021</b>	<b>1 July 2020</b>
Male currently aged 65	<b>23.1</b>	23.1
Female currently aged 65	<b>25.1</b>	24.9
Male currently aged 45	<b>24.7</b>	24.7
Female currently aged 45	<b>26.2</b>	26.1

The next full triennial valuation will take place based on data as at 30 June 2021.

### **Scheme Benefits**

Information on the Scheme benefits is set out in the Scheme Rules.

In accordance with the Scheme Rules the part of each pension in payment (except for any GMP which is payable) that is attributable to Pensionable Service:

- before 6 April 1997 will increase by 4% each year;
- on and after 6 April 1997 but before 1 August 2006 will increase by a maximum of 5% each year;
- on or after 1 August 2006 will increase by a maximum of 2.5% each year.

However, no part of any pension that is attributable to Pensionable Service on or after 6 April 1997, other than the GMP element, will be increased by more than the increase in the Retail Prices Index during each 12-month period.

Where GMP is payable, the part of the GMP that is attributable to earnings for the tax year 1988-89 and subsequent tax years will increase by the percentage specified under Section 109 of the Pension Schemes Act 1993. The part of the GMP attributable to any other period will not increase.

These Rules apply to all pensions paid by the Scheme including the funded pensioner payroll paid on behalf of the Scheme by the annuity providers. The Trustees do not have power to make discretionary increases.

### **GMP Equalisation**

The past service additional cost of equalising Guaranteed Minimum Pension benefits provided by the Scheme is allowed for in the scheme's liabilities. Further details can be seen in Note 16.

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2021

## Transfer Values

Cash equivalents paid during the year with respect to transfers have been calculated and verified in the manner prescribed by the Pension Schemes Act 1993 and do not include discretionary benefits.

## Contributions

During the year Employer normal contributions were paid in accordance with the rate recommended by the Scheme Actuary and agreed by the Trustees of 29.8% of Active Members' pensionable salaries.

All Active Members contributed at the rate of 8% by way of a salary sacrifice with the Employer contributing the remaining 21.8%. All contributions were received from the Employer in respect of the Active Members.

Provision was made for Members to pay Additional Voluntary Contributions (AVCs) under arrangements with AEGON until 4 September 2001. As from that date all new AVC contributors were contracted with Standard Life. The Scheme ceased to offer new AVC facilities as from 6 April 2006 and no contributions were made by Members to AVCs after 1<sup>st</sup> September 2012.

## Membership

Total membership has decreased by a net 9 during the year to 30 June 2021. Further details are contained on page 12.

## Investments

The asset allocation and investment strategy have been considered regularly at each Trustees' meeting in conjunction with Hymans Robertson LLP.

During the year ended 30 June 2021 £55 million, previously held in cash, was invested in the LGIM bond fund. £2.0 million was liquidated from the Sterling Liquidity Fund which together with £3.6 million returned from the Partners Group investment was used to meet payments for benefits, transfers out of the Scheme and administration expenses.

The table in Note 9 includes the above transactions.

## Risk review

The Trustees consider at each of their meetings the main risks to the Scheme being able to deliver the benefits to Members specified in the Scheme Rules and how such risks can be mitigated.

The Risk Register includes items relating to Administration, Compliance, Employer Covenant and Investments. In order to mitigate such risks the Trustees received reports on each of these areas at every meeting. All meetings are attended by the Scheme's professional advisers.

From reports received on all the above areas the Trustees are satisfied that there has been no significant impact on any of the areas of risk to the Scheme as a result of the Covid-19 situation.



**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2021**

The allocation of investments at the year-end (excluding AVCs and Annuities) was as follows:

	Actual at 30 June 2021 %	Actual at 30 June 2020 %
<b>Index tracking funds with Legal &amp; General</b>		
Bonds	43.9	14.3
Gilt Funds	9.9	6.9
Index-Linked Gilt Funds	9.6	6.1
Leveraged Gilt Funds	3.6	10.7
Leveraged Index-Linked Gilt funds	<u>14.2</u>	<u>17.5</u>
	81.2	55.5
<b>Non-Index Tracking Funds</b>		
<b>Insight Investments High Grade ABS Fund*</b>	5.5	5.0
<b>Partners Group Multi Asset Credit</b>	4.1	5.3
<b>Cash – LGIM Sterling liquidity fund</b>	7.4	5.8
<b>Cash – Trustee Bank Account</b>	<u>1.8</u>	<u>28.4</u>
	<u>18.8</u>	<u>44.5</u>
<b>Total</b>	<u><u>100.0</u></u>	<u><u>100.0</u></u>

\*Previously named the LIBOR Plus Fund

The Trustees have made no employer-related investment during the year.

The Trustees maintain a Statement of Investment Principles and a copy is available on The Legal Education Foundation (Employers) website and to Scheme Members on request to the Secretary. It is the Trustees' policy to use the investment managers' preferred custodians.

**Social, Environmental and Ethical Considerations**

The Trustees recognise that they have a legal duty to take account of financially material factors, which may include environmental, social and corporate governance ("ESG") factors including climate change when choosing, holding or realising investments. The Trustees take account of financially material factors over the period for which the Trustees expect investments to be required to fund future benefits. As part of this, the Trustees acknowledge that ESG factors may be relevant at different stages of the investment process.

The Investment Managers appointed by the Trustees subscribe to United Nations Principles for Responsible Investment (UNPRI). The Trustees believe that subscribing to UNPRI is an effective way to demonstrate compliance with ESG principles. As part of any future manager selection, the Trustees will consider whether managers subscribe to UNPRI principles.

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2021

### Exercise of Voting Rights

The Trustees recognise that stewardship encompasses the exercise of rights (including voting rights), attaching to the Scheme's investments, engagement with investment managers and the monitoring of compliance by investment managers with their own stewardship policies.

The Trustees invest through the medium of pooled investment vehicles. Any voting power in relation to investments held in a pooled investment vehicle will be exercisable by the manager of the vehicle. The managers are expected to exercise any voting rights attached to individual investments in accordance with their own house policy and with the objective of preserving and enhancing long term value.

Where appropriate, the Trustees will engage with and may seek further information from their investment managers on how portfolios may be affected by a particular issue.

### Financial Position of the Scheme

The financial statements included in the Annual Report are the accounts required by the Pensions Act 1995. They have been prepared and audited in compliance with regulations made under sections 41(1) and (6) of that Act.

The Scheme's audited financial statements for the year ended 30 June 2021 are on pages 23 to 34. The value of the Scheme's net assets at the year-end was £260,236k as shown on page 24. The Scheme's invested assets (excluding the AVC funds and annuities) were invested with Legal & General Assurance (Pensions Management) Limited, Insight Investment Management and Partners Group as described in the investment report on pages 14 to 16. The AVC funds are separately invested through either AEGON or Standard Life.

The value of annuities purchased in the Scheme's name to secure full benefits in respect of certain pensions in payment has been included at the present value of the related obligations as required by the Financial Reporting Standard 102. Note 2 provides information on the accounting policy for the valuation of these annuities.

The Scheme's investments are invested in accordance with the Statement of Investment Principles as required under the Pensions Act 1995.

### Going Concern and COVID-19

The Trustees consider going concern and any material uncertainties in relation to going concern including assessing the Employer covenant on an ongoing basis and consider whether there are any factors that could impact this assessment.

The Employer financial statements for the year ended 30<sup>th</sup> June 2021 were signed off, with an unmodified audit opinion, in October 2021. The Employer is a charitable foundation and its net assets at the year end were £295 million of which £290 million were held in pooled funds and cash providing a strong balance sheet.

The Scheme was in surplus at the 2018 Triennial Valuation and the Scheme Actuary has advised that the 2021 Triennial Valuation will also show a surplus based on the assumptions agreed by the Trustees and approved by the Employer. There is therefore no requirement for a Recovery Plan.

## THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME

As a result of the Coronavirus (COVID-19) pandemic causing disruption to many businesses and economic activities, there was an initial downturn in the global equity markets during 2020 followed by a strong recovery. The Scheme holds no equity investments and the Trustees had put in place a Liability Driven Investment Strategy which included hedging interest rate and inflation liabilities. The overall result has been that the pandemic has had no noticeable net impact on the overall Scheme valuations. The Trustees actively monitor both the financial security of the Scheme and the suitability of the investment strategy and will continue to do so.

As part of the ongoing governance of the Scheme, the Trustees have received assurances regarding the procedures and policies documented in the Scheme Administrators' Business Continuity Plan. The Trustees are comfortable based on these assurances that the systems of the Administrator, in respect of processing member benefits in accordance with the Scheme Rules and responding to member queries in a timely manner, will continue to operate uninterrupted.

As a result of the above the Trustees do not consider there to be any material uncertainty over the going concern status of the Scheme and, accordingly, the financial statements are prepared on a going concern basis.

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2021**

**Subsequent events**

Following the year end the Trustees made changes to the value of £0.7 million in the holdings in Liability Driven Investments to re-balance interest rate and inflation hedging to 95%.

**Queries and complaints**

Any queries about the Scheme or any complaint should be made in writing to the Secretary to the Trustees at the address shown on page 2 or by email to [pensionsadministration@deloitte.co.uk](mailto:pensionsadministration@deloitte.co.uk)

Any complaint will be dealt with in accordance with the Scheme's Internal Dispute Resolution Procedure.

Signed on behalf of the Trustees

D S Sloan

C Beanland

Trustee

Trustee

Date: 21 December 2021

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
MEMBERSHIP CHANGES DURING THE YEAR ENDED 30 JUNE 2021

	Year to 30 June 2021	Year to 30 June 2020
<b>Active membership at 1 July</b>	9	10
Leaver	-	(1)
	<hr/>	<hr/>
<b>Active membership at 30 June</b>	<b>9</b>	<b>9</b>
<b>Pensioners</b>	<b>294</b>	<b>278</b>
Deferred retirements with preserved pension	21	28
Deferred Members with preserved pension	391	409
	<hr/>	<hr/>
<b>Total Deferred membership</b>	<b>412</b>	<b>437</b>
	<hr/>	<hr/>
<b>Total membership at 30 June</b>	<b>715</b>	<b>724</b>

Pensioners include 207 (2020: 211) Members whose benefits are fully provided through annuities.

Pensioner numbers increased by 14 in the year. This is due to 15 members taking their pension plus 1 new dependent pensioner less 1 pensioner member death and 1 dependent member death.

Deferred member numbers reduced by 23 in the year. This is due to 18 members taking their pension, 2 transfers out of the scheme, 2 members who took their benefits as a trivial benefit lump sum and 1 death.

There are 11 (2020: 7) life assurance only Members in addition to the 9 (2020: 9) Active Members as at 30 June 2021.

**The College of Law Pension and Assurance Scheme  
Certification of Schedule of Contributions**

**Scheme:**           **The College of Law Pension and Assurance Scheme**

**Adequacy of rates of contributions**

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective can continue to be met for the period specified of the Schedule

**Adherence to Statement of Funding Principles**

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles.

The certification of the adequacy of the rates of contributions for the purpose of ensuring that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if The College of Law Pension and Assurance Scheme were to be wound up.

Simon Tidy FIA

Deloitte Total Reward and Benefits Limited  
2 New Street Square  
London  
EC4A 3BZ

7 June 2019

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2021

## Economic overview

GDP saw strong growth over the year to 30 June as the major economies re-opened, and even with restrictions being re-imposed in certain geographies throughout the period the hit to activity was less than initially feared. Expectations of a re-acceleration of growth for the remainder 2021 seem well-founded amid significant progress in vaccine rollouts along with massive fiscal support in the US, with consensus forecasts for global GDP growth continuing to improve, up to 5.8% in 2021.

Given a weak base of comparison and pandemic-induced shortages, global inflation has risen as economies re-opened. UK headline inflation rose 2.5% year-on-year in June 2021. US headline CPI exceeded expectations rising to 5.4% year-on-year in June, however, most forecasters expect the inflationary spike to prove temporary.

Government bond yields rose over the period in line with the recovery in growth and inflation expectations, with UK 10-year government bonds and the US equivalent treasury yields rising 0.53% and 0.84% p.a., respectively. UK 10-year implied inflation rose from 3.2% p.a. to 3.5% p.a.

Sterling rose 7.2% in trade-weighted terms over the 12-month period, boosted by the EU and UK reaching a trade deal in Q4 2020. The US dollar fell 8% in H2 2020 as short-term risk aversion eased.

Global investment-grade credit spreads fell from 1.6% p.a. to 1.0% p.a., and global speculative-grade spreads fell from 6.4% p.a. to 3.5% p.a. Speculative-grade credit markets outperformed their investment-grade counterparts: not only did lower quality credit spreads fall by more but, being shorter dated, they were less impacted by rising underlying yields.

Global equity markets returned 35% over the period, reflecting the improving economic outlook. Cyclical sectors, such as industrials, financials, and basic materials generally outperformed and more defensive sectors, such as utilities, telecoms, and healthcare underperformed. Technology led the performance rankings as accelerated technological adoption boosted the earnings outlook.

Boosted by fiscal stimulus, strong earnings growth and technology outperformance, the US led the regional performance rankings. The UK underperformed overall, weighed on by the impact of sterling strength on the high proportion of overseas earnings in the index.

Despite the improvement in economic outlook, gold prices were only marginally lower, perhaps reflecting very low real yields or potential inflationary concerns. Oil prices rose 71% to \$75 per barrel, exceeding pre-pandemic levels.

Rolling 12-month UK Monthly Property Index metrics have improved as March 2020 values fall out of the comparison. The rolling 12-month total return on the index was 6.8% to end-May, with monthly returns positive since July 2020. Capital values, in aggregate, have risen 1.2% over the last 12 months, with values rising month-on-month since November 2020: Industrial capital values are responsible for the rise, having risen 14.2% over the last 12 months, while retail and office values have fallen, by 7% and 4%, respectively. The office sector has been experiencing the largest capital declines in recent months.

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2021

### Performance Summary (Net of Fees)

	L&G LDI	L&G Corporate Bonds	L&G Cash	Insight	Partners	<b>Total Fund</b>
	%	%	%	%	%	%
<b>12 months Absolute</b>	<b>-12.5</b>	<b>-3.2</b>	<b>0.0</b>	<b>3.0</b>	<b>5.8</b>	<b>-6.8</b>
12 months Benchmark	-12.5	-2.8	0.0	-0.1	4.1	-6.9
<b>3 years Annualised</b>	<b>11.3</b>	<b>6.7</b>	<b>0.4</b>	<b>1.5</b>	<b>4.4</b>	<b>6.2</b>
3 years Benchmark	11.3	6.9	0.3	0.4	4.6	6.2
<b>5 years Annualised</b>	<b>8.3</b>	<b>5.3</b>	<b>0.4</b>			<b>6.5</b>
5 years Benchmark	8.3	5.4	0.3			6.4

*The total fund benchmark performance has been weighted by actual asset allocation at the start of the quarter. For LDI there is no formal benchmark. We have therefore taken the benchmark as being equal to actual performance.*

The Trustees invest in Legal & General LDI and Corporate Bond Funds to track the Scheme's liabilities. The performance of these assets will broadly reflect the movement of the underlying liabilities.

### Performance of Individual Funds

#### 1. Legal & General

The Scheme's assets managed by Legal & General Investment Management (LGIM) and are invested in an insurance policy through Legal & General Assurance (Pensions Management) Limited, part of the Legal & General Group, which is one of the largest financial institutions in the United Kingdom.

The policy is designed for corporate and public sector pension Schemes and takes full advantage of the tax exemptions available to an insurance policy of this type. It is a unitised policy and the value of the units fluctuates directly in relation to the value of the underlying assets. All units are redeemable at bid prices that are calculated from independent external pricing sources. The assets underlying the units are held by independent corporate custodians who are regularly reviewed by external auditors.

Changes to the distribution of the funds (which are sections within the policy) are made in accordance with instructions given by the Trustees.

The values of the units held under the Policy at the beginning and end of the reporting year, on a bid price basis, were:



## THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME

	Valuation and Distribution 30 June 2021			Valuation and Distribution 30 June 2020		
	£000s	% of L&G holdings	% of total net assets*	£000s	% of L&G holdings	% of total net assets*
AAA-AA-A Bonds- Over 15Y Index	79,063	49.5	43.9	27,941	23.3	14.3
Cash Fund	13,387	8.4	7.4	11,269	9.4	5.8
LDI Mandate Gilt funds:						
Gilt Funds	17,807	11.2	9.9	13,606	11.3	6.9
Index-linked Gilt funds	17,303	10.8	9.6	12,008	10.0	6.1
Leveraged Gilt funds	6,547	4.1	3.6	20,871	17.4	10.7
Leveraged Index- linked Gilt funds	25,486	16.0	14.2	34,285	28.6	17.5
<b>Total Assets</b>	<b>159,593</b>	<b>100.0</b>	<b>88.6</b>	<b>119,981</b>	<b>100.0</b>	<b>61.3</b>

\*excluding Annuities and AVCs

The unit prices for these valuations were based on market closing prices on the previous working day. The values shown include any activity that took place on the valuation days.

The value of units represented 88.6% of the total net assets of the scheme at 30 June 2021 (excluding Annuities and AVCs).

The investment portfolio has been passively managed, with the exception of the cash fund which is actively managed. Each index tracking fund in which the Scheme invests should track the total return (capital plus income combined) of its relevant market index within specified tolerances. For each leveraged gilt or index-linked gilt fund in which the Scheme invests, LGIM aims to operate within the leveraged multiple limits specified by the manager. The Cash Fund aims to match the median return of similar cash funds as measured by the Russell/Mellon CAPS Pooled Pension Fund Survey, without incurring excessive risk.

### 2. Insight Investments

The value of units held in the Insight High Grade ABS Fund at 30 June 2021 was £9,973k (2020 £9,768k). The investments were purchased in October 2017 at a cost of £10 million.

The value of units represented 5.5% of the total net assets of the scheme at 30 June 2021 (excluding Annuities and AVCs).

### 3. Partners Group

The value of the units held in the Partners Group Private Markets Credit Strategies Multi Asset CreditFund 2017 at 30 June 2021 was £7,356k (2020 £10,432k). The value at 30 June 2021 is after a distribution to the Scheme of £3,599k during the year.

The value of units represented 4.1% of the total net assets of the scheme at 30 June 2021 (excluding Annuities and AVCs).

## TRUSTEES' RESPONSIBILITIES

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice including, the Financial Reporting Standard FRS 102 applicable in the UK, are the responsibility of the Trustees. Pension Scheme regulations require the Trustees to make available to Scheme Members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice "Financial Reports of Pension Schemes".

In discharging these responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employer and the active Members of the Scheme and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions. If breaches of the schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the Members.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE COLLEGE OF LAW PENSION  
AND ASSURANCE SCHEME**

**To the Trustees of The College of Law Pension and Assurance**

**Scheme Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial transactions of the Scheme during the year ended 30 June 2021 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

We have audited the financial statements of The College of Law Pension and Assurance Scheme ('the Scheme') for the year ended 30 June 2021 which comprise the Fund Account, Statement of Net Assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice – *Financial Reports of Pension Schemes* (revised 2018).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We are independent of the Scheme 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.

**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 Scheme'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 Trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon.

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE COLLEGE OF LAW PENSION  
AND ASSURANCE SCHEME**

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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.

### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities 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 Scheme'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 wind up the Scheme 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.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the Scheme's legal and regulatory frameworks, focusing on those which we determine to be the most significant, and how the Scheme complies with these.
- Enquiring of the Trustees, and where appropriate, the administrators or consultants as to whether:
  - the Scheme is in compliance with laws and regulations that have a material effect on the financial statements;
  - they have knowledge of any actual, suspected or alleged fraud;
  - any reports have been made to the Pensions Regulator.

Based on our understanding of the Scheme, we consider the most significant laws and regulations that have a direct impact on the financial statements are the Pensions Acts 1995 and 2004 and those that relate to the reporting framework (Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 and the Statement of Recommended Practice 'Financial Reports of Pensions Schemes' 2018 ('The SORP')); and we considered the extent to which non-compliance might have a material effect on the financial statements.

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE COLLEGE OF LAW PENSION  
AND ASSURANCE SCHEME**

We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls by the Trustees and those involved in the preparation of the financial statements and underlying accounting records. We determined that the principal risk was related to the posting of inappropriate journals, which may act to conceal fraudulent activity.

Audit procedures performed to respond to the identified risks included, but were not limited to, the following:

- Testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- Enquiring of management and those charged with governance with regard to actual and potential litigation and claims.
- Reviewing the disclosures in the financial statements and testing to supporting documentation to assess compliance with relevant laws and regulations, as detailed above.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing any significant correspondence with the Pensions Regulator.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 Scheme's Trustees, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme'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 Scheme's Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

**BDO LLP**  
*Statutory auditor*  
Guildford  
United Kingdom

Date

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
**INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEES OF THE  
COLLEGE OF LAW PENSION AND ASSURANCE SCHEME**

We have examined the summary of contributions to The College of Law Pension and Life Assurance Scheme for the year ended 30 June 2021, as set out on page 22.

In our opinion contributions for the year ended 30 June 2021 as reported in the summary of contributions and payable under the schedule of contributions have in all material respects been paid at least in accordance with the schedule of contributions certified by the Scheme actuary on 7 June 2019.

**Scope of work on Statement about Contributions**

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the schedule of contributions. This includes an examination, on a test basis, of evidence relevant to the amount of contributions payable to the Scheme and the timing of those payments under the schedule of contributions.

**Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities, set out on page 17, the Scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active Members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of active Members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions.

**Auditor's responsibilities for the preparation of a Statement about Contributions**

It is our responsibility to provide a Statement about Contributions paid under the schedule of contributions and to report our opinion to you.

**Use of our report**

This report is made solely to the Scheme Trustees, as a body, in accordance with Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme Trustees those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees as a body, for our audit work, for this statement, or for the opinions we have formed.

**BDO LLP**

*Statutory Auditor*  
Guildford  
United Kingdom

Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
**SUMMARY OF CONTRIBUTIONS PAID IN THE YEAR ENDED 30 JUNE 2021**

During the year, the contributions paid to the Scheme by the Employer (inclusive of Employees' contributions by way of salary sacrifice) under the schedule of contributions were as follows:

	<b>£000s</b>
Employer normal contributions	168
<b>Contributions payable under the schedule of contributions</b>	<u><u>168</u></u>

During the year employer contributions totalling £14.1k were paid on 4 June 2021 which is later than the required date of 19 May 2021 as stipulated in the Schedule of Contributions.

Signed on behalf of the Trustees:

D S Sloan  
**Trustee**

C Beanland  
**Trustee**

Date: 21 December 2021

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
FUND ACCOUNT FOR THE YEAR ENDED 30 JUNE 2021

		Year ended 30 June 2021	Year ended 30 June 2020
	Note	£000s	£000s
<b>Contributions &amp; Benefits</b>			
Employer Contributions	3	168	177
		<b>168</b>	<b>177</b>
Benefits paid and payable	4	4,835	4,543
Payments to and on account of leavers	5	1,245	589
Other payments	6	14	9
Administrative expenses	7	728	512
		<b>6,822</b>	<b>5,653</b>
<b>Net withdrawals from dealings with Members</b>		<b>(6,654)</b>	<b>(5,476)</b>
<b>Returns on investments</b>			
Investment income	8	4,705	4,245
Change in market value of investments	9	(21,565)	30,813
Investment management expenses	10	(182)	(142)
<b>Net returns on investments</b>		<b>(17,042)</b>	<b>34,916</b>
<b>Net (decrease)/increase in the fund during the period</b>		<b>(23,696)</b>	<b>29,440</b>
<b>Net assets of the Scheme</b>			
At 1 July		283,932	254,492
At 30 June		<b>260,236</b>	<b>283,932</b>

The notes on pages 24 to 34 form part of the financial statements.



THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
**STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 30 JUNE 2021**

	Year ended 30 June 2021	Period ended 30 June 2020
	Note	£000s
<b>Investment assets</b>		<b>£000s</b>
Pooled Investment Vehicles	9	176,922
Insurance policies	9	79,913
AVCs	9	329
<b>Total net investments</b>		257,164
<b>Net current assets</b>	11	3,072
<b>Net assets of the Scheme at 30 June</b>		260,236
		228,460
		55,472
		87,928
		351

The financial statements summarise the transactions of the Scheme and deal with net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and other benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with the Report on Actuarial Position on page 5, and these financial statements should be read in conjunction with it.

The financial statements were approved and authorised for issue by the Trustees and were signed on their behalf on 21 December 2021.

D S Sloan  
Trustee

C Beanland  
Trustee

The notes on pages 24 to 34 form part of the financial statements.

**1. Basis of preparation**

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice (revised 2018).

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustees' Report.

**2. Summary of significant Accounting Policies**

The functional currency of the Scheme is Sterling.

**Contributions and benefits**

Contributions and benefits are accounted for in the period in which they fall due. All Active Members contributed by way of a salary sacrifice.

**Pensions**

Pensions payable including pensions funded by annuity contracts are accounted for in the period to which they relate.

**Transfers from and to other Schemes**

Transfers to other Schemes are included when the liability is accepted by the receiving scheme, which is usually on a cash basis. The Trustees do not accept transfers in.

**Administrative expenses**

Administrative expenses are accounted for on an accruals basis.

**Investment income**

Investment income includes interest from cash and income arising on the Scheme's investments.

Income is accounted for on an accruals basis on the date the investment is quoted ex-dividend.

Interest from cash is included on an accruals basis.

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Income from annuities, whether received directly by the Scheme from annuity providers or used by the annuity provider to make pension payments, is accounted for through the fund account as investment income with the associated pension payment accounted for as a benefit payable.

**Valuation of assets**

The assets of the Scheme at the year-end invested with Legal & General Assurance (Pensions Management) Limited and Insight Investment Management (Global) Limited have been valued at the bid or single price value as at 30 June 2021.

The assets of the Scheme at the year end invested with Partners Group have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Transaction costs are included in the cost of purchases and sales proceeds. The amount of indirect costs is not separately provided to the Scheme.

Annuities purchased to secure specific benefits for the remaining lives of retired Members are included in these Financial Statements at the amount of the related obligation determined using a solvency basis. The valuation was carried out on behalf of the Scheme by the Scheme Actuary. See note 9. It is recognised that the annuities remain assets of the Scheme and under certain circumstances in the future the Trustees could direct that the income arising should be paid to the Scheme rather than direct to pensioners.

**3. Contributions**

	<b>2021</b>	<b>2020</b>
	<b>£000s</b>	<b>£000s</b>
Employer - Normal	168	177

As the Scheme was in surplus as at the date of the triennial valuation based on 1<sup>st</sup> July 2018 no deficit contributions are required in the year to 30 June 2021.

**4. Benefits paid and payable**

	<b>2021</b>	<b>2020</b>
	<b>£000s</b>	<b>£000s</b>
Pensions	4,434	4,260
Commutations and lump sum retirement benefits	401	283
	<b>4,835</b>	<b>4,543</b>

The pensions total above of £4,434k (2020 £4,260k) includes pensions paid directly to pensioners by annuity providers on behalf of the Trustees.

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Pensions paid in this way were as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000s</b>	<b>£00s</b>
Aviva Annuity UK Limited	2,749	2,693
Legal & General Retirement Limited	485	519
Prudential Annuities Limited	422	407
Canada Life	43	41
	<b>3,699</b>	<b>3,660</b>
<b>5. Payments to and on account of leavers</b>		
	<b>2021</b>	<b>2020</b>
	<b>£000s</b>	<b>£000s</b>
Individual transfers to other Schemes	1,245	589
	<b>1,245</b>	<b>589</b>
<b>6. Other payments</b>		
	<b>2021</b>	<b>2020</b>
	<b>£000s</b>	<b>£000s</b>
Premiums on term insurance policies (active member's life assurance and widows and dependents liability cover)	14	9
	<b>14</b>	<b>9</b>
<b>7. Administrative expenses</b>		
	<b>2021</b>	<b>2020</b>
	<b>£000s</b>	<b>£000s</b>
Legal and Professional fees	578	379
Administration, processing & actuarial fees	135	118
Trustees fees - Chairman	15	15
	<b>728</b>	<b>512</b>
<b>8. Investment income</b>		
	<b>2021</b>	<b>2020</b>
	<b>£000s</b>	<b>£000s</b>
Interest on cash deposits	1	30
Income from pooled investment vehicles	1,005	555
Annuity income	3,699	3,660
	<b>4,705</b>	<b>4,245</b>

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

9. Investments

	Value at 1 July 2020	Purchases at cost	Sales Proceeds	Change in market value	Value at 30 June 2021
	£000s	£000s	£000s	£000s	£000s
<b>Pooled Investment Vehicles</b>					
Gilts and Bonds	108,711	69,155	(18,259)	(13,401)	146,206
Cash	11,270	59,793	(57,689)	13	13,387
Asset Backed Credit	9,768	-	-	205	9,973
Private Credit	10,432	-	(2,698)	(378)	7,356
	<b>140,181</b>	<b>128,948</b>	<b>(78,646)</b>	<b>(13,561)</b>	<b>176,922</b>
Insurance policies	87,928	-	-	(8,015)	79,913
AVC investments	351	-	(33)	11	329
	<b>228,460</b>	<b>128,948</b>	<b>(78,679)</b>	<b>(21,565)</b>	<b>257,164</b>

Details of the country in which the companies operating the pooled investment vehicles are registered are shown on pages 2 and 3.

Partners Group made distributions of £3.599m during the year comprised of £2.698m return of capital and £0.901m of Investment Income. These amounts are included in the above schedule

The value of the pooled investment vehicles by fund manager is set out below:

	Value at 1 July 2020	Purchases at cost	Sales Proceeds	Change in Market value	Value at 30 June 2021
	£000s	£000s	£000s	£000s	£000s
Insight Investments	9,768	-	-	205	9,973
Legal & General	119,981	128,948	(75,948)	(13,388)	159,593
Partners Group	10,432	-	(2,698)	(378)	7,356
	<b>140,181</b>	<b>128,948</b>	<b>(78,646)</b>	<b>(13,561)</b>	<b>176,922</b>

**AVC investments**

The Trustees hold assets, which are separately invested from the main fund, in the form of individual insurance policies. These secure additional benefits, on a money purchase basis, are for those Members who elected to pay Additional Voluntary Contributions.

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

The aggregate amounts of AVC investments are as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000s</b>	<b>£000s</b>
Aegon	130	128
Standard Life	199	223
	<u><b>329</b></u>	<u><b>351</b></u>

**Annuities**

Annuities have been purchased to secure full benefits of those Members who first took their pension prior to 30 June 2016.

**Concentration of investments**

The following funds and insurance policies represent more than 5% of the Net Assets of the Scheme at the year-end:

	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>
Insurance policies - Aviva	27.7	27.7
AAA-AA-A Bonds-Over 15Y Index	30.4	9.8
LGIM Sterling liquidity fund	5.1	4.0

**10. Investment management expenses**

	<b>2021</b>	<b>2020</b>
	<b>£000s</b>	<b>£000s</b>
Administration, management and custody	<u><b>182</b></u>	<u><b>142</b></u>

**11. Net current assets**

	<b>2021</b>	<b>2020</b>
	<b>£000s</b>	<b>£000s</b>
<b>Current assets</b>		
Bank account	3,190	55,721
Sundry debtors	<u>108</u>	<u>14</u>
	<u><b>3,298</b></u>	<u><b>55,735</b></u>
<b>Current liabilities</b>		
Sundry creditors	215	254
Unpaid benefits	<u>11</u>	<u>9</u>
	<u><b>226</b></u>	<u><b>263</b></u>
<b>Net current assets</b>	<u><b>3,072</b></u>	<u><b>55,472</b></u>

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**12. Investment Fair Value Hierarchy**

In March 2016, the Financial Reporting Council published amendments to FRS102, revising the disclosure requirements for financial institutions and retirement benefits plans for accounting periods beginning on or after 1 January 2017. Therefore, the Scheme's investment assets have been fair valued using the following fair value hierarchy:

Category: Level 1            The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Category: Level 2            Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Category: Level 3            Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the purposes of this analysis daily and weekly priced funds have been included in Level 1, monthly net asset values for Property funds and AVC policies in Level 2 and monthly net asset values for Insurance policies in Level 3.

**Values as at 30.6.21**

Category	Level 1 £000s	Level 2 £000s	Level 3 £000s	Total £000s
Pooled investment vehicles:				
Legal & General	-	159,593	-	159,593
Insight Investments	-	9,973	-	9,973
Partners Group	-	-	7,356	7,356
Insurance policies	-	-	79,913	79,913
AVC investments	-	329	-	329
	-	<b>169,895</b>	<b>87,269</b>	<b>257,164</b>

**Values as at 30.6.20**

Category	Level 1 £000s	Level 2 £000s	Level 3 £000s	Total £000s
Pooled investment vehicles:				
Legal & General	-	119,981	-	119,981
Insight Investments	-	9,768	-	9,768
Partners Group	-	-	10,432	10,432
Insurance policies	-	-	87,928	87,928
AVC investments	-	351	-	351
	-	<b>130,100</b>	<b>98,360</b>	<b>228,460</b>

### 13. Investment Risks

The Accounting Standard FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are defined by FRS 102 as follows:

**Credit risk:** this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

**Market risk:** this comprises currency risk, interest rate risk and other price risk.

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Scheme has exposure to these risks because of the investments it makes to implement its investment strategy. The Trustees have regard to the need to manage investment risks, including credit risk and market risk when setting the Scheme's strategic investment objectives. Those objectives, including risk management are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustees by regular reviews of the investment portfolios.

Further information on the Trustees' approach to risk management and the Scheme's exposures to credit and market risks are set out below.

This does not include AVC investments as they are not considered significant in relation to the overall investment of the Scheme. However, the Trustees review the credit rating of the AVC providers at each meeting.



THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

The types of risk that the pooled investment vehicles are exposed to are as follows:

	Credit risk	Interest risk	Currency risk	Other Price risk
<b>Legal &amp; General</b>				
AAA-AA-A Bonds-Over 15Y Index	Y	Y		
Cash Fund	Y	Y		
LDI Mandate Gilt funds:				
Gilt Funds	Y	Y		
Index-linked Gilt funds	Y	Y		Y
Leveraged Gilt Funds	Y	Y		
Leveraged Index-linked Gilt Funds	Y	Y		Y
<b>Insight High Grade ABS Fund</b>	Y	Y		
<b>Partners Group Private Markets Credit Strategies (Multi asset credit 2017)</b>	Y	Y	Y	Y

In value terms these can be summarised as follows for the current and prior year:

<b>Values as at 30.6.21</b>	<b>Credit risk</b>	<b>Interest risk</b>	<b>Currency risk</b>	<b>Other</b>	<b>Total</b>
	£000s	£000s	£000s	£000s	£000s
Legal & General	159,593	159,593	-	42,789	<b>159,593</b>
Insight Investments	9,973	9,973	-	-	<b>9,973</b>
Partners Group	7,356	7,356	7,356	7,356	<b>7,356</b>
Insurance policies	79,913	-	-	-	<b>79,913</b>
	<b>256,835</b>	<b>176,922</b>	<b>7,356</b>	<b>50,145</b>	<b>256,835</b>

<b>Values as at 30.6.20</b>	<b>Credit risk</b>	<b>Interest risk</b>	<b>Currency risk</b>	<b>Other</b>	<b>Total</b>
	£000s	£000s	£000s	£000s	£000s
Legal & General	119,981	119,981	-	46,293	<b>119,981</b>
Insight Investments	9,768	9,768	-	-	<b>9,768</b>
Partners Group	10,432	10,432	10,432	10,432	<b>10,432</b>
Insurance policies	87,928	-	-	-	<b>87,928</b>
	<b>228,109</b>	<b>140,181</b>	<b>10,432</b>	<b>56,725</b>	<b>228,109</b>

### Credit risk

The Scheme is subject to credit risk as the Scheme invests in pooled investment vehicles and has cash balances and insurance policies with a number of providers. It is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

Cash held directly by the Scheme is held in a banking institution which is a UK clearing bank which is significantly Government owned.

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Direct credit risk arising from the pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring fenced from the pool manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. Trustees carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the regulatory and operating environment of the pooled manager.

Pooled investment arrangements used by the Scheme comprise open ended pooled funds with the exception of Partners Group which is closed.

Indirect credit risk arises in relation to underlying investments in Sterling bond and gilt investment vehicles. This risk is mitigated by only investing in pooled corporate bond funds which invest in only AAA-AA-A rated bonds and also in UK Government Gilts where the credit risk is minimal.

A Summary of Pooled Investment Vehicles by type of arrangement is as follows:

	<b>Year ended 30 June 2021</b>	<b>Period ended 30 June 2020</b>
	<b>£000s</b>	<b>£000s</b>
Unit Linked insurance contracts	159,593	119,981
Open ended investment companies	9,973	9,768
Other - Close ended structure	7,356	10,432
<b>Total</b>	<b>176,922</b>	<b>140,181</b>

### **Interest risk**

Interest rate risk is present in the Bond and Cash funds however this is partly mitigated by the holdings in the Liability Driven Investment Mandate funds. LDI holdings are intended to hedge approximately 100% of the inflation and interest rate risk of the overall investments as part of the Scheme's Investment Strategy.

### **Currency risk**

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets via pooled investment vehicles. The Trustees accept the currency risk as part of the overall strategy and diversification of the fund.

### **Other**

The Scheme is exposed to a risk with regards to the way Retail Price Inflation (RPI) will be calculated following the announcement of the results of the government consultation on reforming the calculation of this inflation measure. Changes to the method of calculating RPI may have a significant impact on the value of assets that are linked to RPI. However, to the extent that RPI-linked assets are held to match RPI-linked liabilities, and provided that changes to the calculation of RPI impact both assets and liabilities in a similar way, the overall impact on the Plan will be reduced.

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**Insurance policies (annuities)**

The Trustees have purchased annuities when market conditions are favourable in order to pay pensions in payment. Such policies are subject to credit risk therefore the Trustees carry out due diligence checks before purchasing additional insurance policies and ensure that the Insurers are regulated by the FSA.

**14. Related party transactions**

Of the four (2020: four) people who were Trustees during all or part of the year three, Mr C Beanland, Mr A.S. Humphreys and Mr R Jones, are Members of the Scheme. All benefits and transactions with them during the year have been in accordance with the Scheme Rules.

A fee paid to the Chairman is disclosed in note 7.

**15. Contractual investment commitments**

There were none relating to investments at 30 June 2021.

**16. GMP Equalisation Liabilities**

In October 2018, a judgment of the High Court addressed the question as to whether benefits provided to members who had been contracted out of the State Earnings-Related Pension Scheme needed to be equalised to take account of the inequalities as between men and women in the calculation of Guaranteed Minimum Pensions. The effect of the Court's judgment is that benefits earned between May 1990 and April 1997 (when Guaranteed Minimum Pensions ceased to be earned) must be equalised as between men and women. This applies both to members' benefits and any attaching contingent benefits.

The Trustees are reviewing, with their advisers, the implications of this ruling for the Scheme. The Scheme Actuary reported to the Trustees that there is an estimated increase to the actuarial calculation of the Scheme's liabilities as a result of this decision of £639,000, as at 30 June 2021. These liabilities will be taken into account in the Triennial Valuation based on 1<sup>st</sup> July 2021. Once this review is finalised, the Trustees will notify members (or dependants) affected.

**17. Contingent Liabilities**

In the opinion of the Trustees the Scheme had no contingent liabilities as at 30 June 2021 (2020: £nil).

**18. Subsequent Event**

The Trustees made changes to the value of £0.7 million in the holdings in Liability Driven Investments to re-balance interest rate and inflation hedging to 95%.

The Scheme closed to further active member service accrual as from 31 August 2021.

# The College of Law Pension and Assurance Scheme - Implementation Statement

## Statement of Compliance with the College of Law Pension and Assurance Scheme's Stewardship Policy for the year ending 30 June 2021

### Introduction

This is the Trustees' implementation statement prepared in relation to the College of Law Pension and Assurance Scheme (the "**Scheme**") in accordance with the requirements of regulations 12(1) and 12(5)(a) of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. This statement:

- sets out how the Trustees have complied with the Scheme's Stewardship Policy;
- explains to what extent the Trustees have complied with that policy, in their opinion; and
- describes any voting behaviour by, or on behalf of, the Trustees,

during the period from 1 July 2020 to 30 June 2021 (the "**2020/21 Scheme Year**").

### Stewardship policy

The Trustees' Stewardship (voting and engagement) Policy sets out the Trustees' approach to;

- the exercise of any rights attached to Scheme assets (including any voting rights); and
- undertaking engagement activity, including how the Trustees monitor and engage with its investment managers and any other stakeholders.

The Trustees review the Scheme's Stewardship Policy as part of their annual reviews of the Scheme's Statement of Investment Principles (SIP), the last of which was completed on 17 September 2021.

You can review the Scheme's Stewardship Policy, which can be found within the Scheme's Statement of Investment Principles, at <https://www.thelegaleducationfoundation.org/wp-content/uploads/2020/10/Statement-of-Investment-Principles.pdf>

As the Trustees currently invest Scheme assets in pooled funds, the Trustees do not engage directly with debt or equity issuers and are not able to direct how any votes are exercised. In addition, the Trustees have not used any proxy voting services over the 2020/21 Scheme Year. Any voting and engagement activities in respect of the underlying assets of the Scheme's investments are undertaken by the Scheme's investment managers. The Trustees believe it is important that their investment managers take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues which affect the relevant company's financial performance, as appropriate.

The Trustees own engagement activity is focused on their dialogue with their investment managers, which is undertaken in conjunction with their investment advisers. The Trustees meet periodically with their investment managers, who give presentations to the Trustees. This enables the Trustees to further understand and consider managers' exercise of their own stewardship policies. The Trustees also consider manager performance at quarterly trustee meetings, at which they receive an overview report from their investment advisers. The Trustees review those reports, which contain responsible investment ratings and investment strategy ratings by their investment advisers in relation to the Scheme's existing managers and funds. Those manager ratings are based on ongoing market research and reviews by the Trustees' investment advisers. Those reports are also designed to raise any red flags for any managers of concern. The Trustees were satisfied with the results of their investment advisers' reviews during the 2020/21 Scheme Year and noted that no red flags were reported.

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The Trustees separately consider any conflicts of interest arising in the management of the Scheme and its investments. The Scheme's investment managers are required to disclose any potential or actual conflict of interest to the Trustees. No such conflicts were reported to the Trustees during the 2020/21 Scheme Year.

### Extent of Stewardship Policy compliance

The Trustees monitor their compliance with the Scheme's Stewardship Policy on a periodic basis and are satisfied that they have complied fully with the Scheme's Stewardship Policy during the 2020/21 Scheme Year.

### Voting activity

The investment managers may have voting rights in respect of the underlying assets of the pooled funds in which the Trustees have invested, depending on the nature of those underlying assets from time to time. The Trustees expect the Scheme's investment managers to exercise any voting rights attached to individual investments in accordance with their own house policy, with the objective of preserving and enhancing long term value for investors.

Given that the Scheme does not currently invest in any equity holdings, no voting rights are currently exercised by the Trustees or by their investment managers in relation to any equity holdings of the Scheme.

Whilst the Scheme has a small exposure to preferred stock through the investment into private debt facilitated through Partners Group, the preferred stock holds no voting rights and the Trustees have therefore excluded it from their analysis of any voting activity.

No voting rights are attached to any of the Scheme's other underlying assets held on behalf of the Trustees, so there is no voting behaviour or activity by the managers on which to report.

### Engagement activity

The Trustees hold meetings with their investment managers on a periodic basis where various stewardship issues are discussed. Over the course of the year to 30 June 2021, the Trustees met with one of their three managers and discussed the following:

Date	Fund manager	Subject discussed	Outcome
30 September 2020	LGIM	Processes and procedures, fund performance, market updates including discussions on the RPI reform consultation, LDI operational considerations & risk management, security of assets and leadership updates	Additional queries raised with LGIM over quarterly monitoring of hedging ratios which have subsequently been addressed.

### Summary of manager engagement activity

The following table summarises the key engagement activities by the Scheme's three investment managers, during the 2020/21 Scheme Year. Each manager has provided selected case studies which are representative of their engagement activity over the year.

Management engagement activity provided by Partners Group and Insight relates specifically to that of the mandates which the Scheme is invested in - Partners Group Private Markets Credit Strategies 2 S.A. - Compartment Multi Asset Credit 2017 (IV) GBP and Insight High Grade ABS fund respectively.

Management engagement activity provided by LGIM, relates to engagement activity on a firmwide level, and

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examples of how ESG is being considered for funds that have voting rights.

The case studies detailed for LGIM are for general information about the manager only. As outlined in the Scheme's Report and Accounts to 30 June 2021, holdings with LGIM accounted for approximately 81% (excluding Insurance policies) of the Scheme's holdings.

Manager	Number of engagements	Topics engaged on	Case Studies
Partners Group: Private Markets Credit Strategies	10	New management, incremental debt, refinancing, dividend recapitalisation, Exit announcement	<b>Azets</b> <ul style="list-style-type: none"> <li>Engagement topic: Partners Group engaged with the Company following an announcement of a change in the management team.</li> <li>Outcome: New CEO announced, and former CEO was brought in to focus on M&amp;A integration.</li> </ul>
			<b>Elysium Healthcare</b> <ul style="list-style-type: none"> <li>Engagement topic: Partners Group had a call with the partners and CFO over incremental loans and the refinancing of a revolving credit facility.</li> <li>Outcome: Elysium were provided with an additional £25m term loan from Partners Group.</li> </ul>
			<b>Independent Vetcare</b> <ul style="list-style-type: none"> <li>Engagement topic: Partners Group met with the company to discuss the refinancing of payment-in-kind (PIK) loans.</li> <li>Outcome: Partners Group agreed to an amendment to permit refinancing of the junior PIK tranche.</li> </ul>
			<b>Motor Fuel Group</b> <ul style="list-style-type: none"> <li>Engagement topic: Partners Group had multiple discussions with the sponsor in relation to dividend recapitalisation.</li> <li>Outcome: Partners Group agreed to a waiver to allow dividend recapitalisation in exchange for bringing overall platform exposure down, a waiver fee and a margin increase.</li> </ul>
			<b>JLA</b> <ul style="list-style-type: none"> <li>Engagement topic: Partners Group had an in-person meeting with the CEO to introduce the new CFO</li> <li>Outcome: As part of the meeting the company also provided a run-through of the year-to-date results and a full year outlook.</li> </ul>
LGIM	1,050 firmwide	Climate change, Remuneration, Diversity, Covid-19,	<b>Rio Tinto</b> <ul style="list-style-type: none"> <li>Engagement topic: Accountability for the destruction of a 46,000-year-old heritage site in Western Australia.</li> <li>Outcome: LGIM continued to challenge Rio Tinto on their response and board oversight,</li> </ul>

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		Strategy, ESG disclosures	<p>which they felt was inadequate following the scandal. Although three directors had departed already, the chairman declared he would also step down.</p> <p><b>Korea Electric Power Company (KEPCO)</b></p> <ul style="list-style-type: none"> <li>Engagement topic: Investor concerns over KEPCO's continued plans to expand thermal coal power generation and poor climate risk disclosure</li> <li>Outcome: LGIM originally imposed voting sanctions and divested from the company in one of their equity funds. In 2020 they outlined concerns in an interview with a leading Korean daily newspaper. In October 2020 KEPCO publicly pledged it would make no further investments in overseas coal projects.</li> </ul>
Insight High Grade ABS Fund	178	ESG disclosure, Remuneration policies, ESG risks	<p><b>Together Financial Services</b></p> <ul style="list-style-type: none"> <li>Engagement topic: Discussion around ESG template</li> <li>Outcome: Insight highlighted the two areas of weakness which were environmental risk consideration and social impact</li> </ul>
			<p><b>Think Tank</b></p> <ul style="list-style-type: none"> <li>Engagement topic: To understand the governance and social risks involved in the company's origination and servicing business</li> <li>Outcome: It was highlighted that the areas that could be strengthened were number of board members and some aspect of the remuneration policy. Insight also recommended the company implement an environmental assessment for all new loans.</li> </ul>
			<p><b>Atlas</b></p> <ul style="list-style-type: none"> <li>Engagement topic: ESG risks of the originator and servicing</li> <li>Outcome: Insight noted that the company did not have an independent risk committee and no remuneration clawback policy. Insight will be having a follow up call to discuss the areas where they would like further clarification on processes and policies.</li> </ul>

<sup>1</sup>Total number of manager engagements for Partners Group relates specifically to that of the MAC IV fund which the Scheme is invested in.

**Review of policies**

The Trustees and their investment advisers remain satisfied that the responsible investment policies of the Scheme's investment managers and, where appropriate, those investment managers' voting policies remain suitable for the Scheme and are consistent with the Scheme's Statement of Investment Principles.