

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

Trustees' Report and Financial Statements  
for the year ended 30 June 2023

# The College of Law Pension and Assurance Scheme

---

<b>Contents</b>	<b>Page</b>
Principal Employer, Trustees and advisers	2
Trustees' Report	4
Statement of Trustees' Responsibilities	14
Compliance Statement	15
Actuarial Certificate	17
Independent Auditors Report to the Trustees	18
Fund Account	22
Statement of Net Assets (available for benefits)	23
Notes to the Financial Statements	24
Independent Auditors' Statement about Contributions to the Trustees	35
Summary of Contributions	36
Implementation Statement	Appendix

# The College of Law Pension and Assurance Scheme

## Principal Employer, Trustees and Advisers

<b>Chair of the Trustees</b>	D. Sloan (resigned 25 January 2023) T. Perrella (appointed 25 January 2023)
<b>Trustees</b>	D. Sloan (Employer-nominated Trustee) C. Beanland (Member-nominated Trustee) A. S. Humphreys (deceased December 2022) R. G. Jones (Member-nominated Trustee) Dalriada Trustees Limited (Employer-nominated Trustee) (appointed 7 November 2022)
<b>Secretary of the Scheme</b>	J Gale (resigned 8 July 2022)  Isio Total Reward and Benefits Limited (formerly Deloitte Total Reward and Benefits Limited) (to 30 September 2023) (appointed 8 July 2022) Isio Group Limited (from 1 October 2023)
<b>Address of the Trustees</b>	Secretary to the Trustees Isio Total Reward and Benefits Limited (to 30 September 2023) Isio Group Limited (from 1 October 2023) 3 Hardman Square Manchester M3 3EB
<b>Principal Employer</b>	The Legal Education Foundation Suite 2, River House Broadford Business Park Shalford Guildford GU4 8EP
<b>Administrator</b>	Isio Total Reward and Benefits Limited (to 30 September 2023) Isio Group Limited (from 30 September 2023) 1 Donegall Square South Belfast BT1 5LR
<b>Investment Managers</b>	Legal & General Assurance (Pensions Management) Limited One Coleman Street London EC2R 5AA  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

## Principal Employer, Trustees and Advisers (continued)

<b>Additional Voluntary Contribution ("AVC") Providers</b>	AEGON Edinburgh Park Edinburgh, EH12 9SE  Standard Life Plc 5 Devonshire Square London, EC2M 4YD
<b>Scheme Actuary</b>	Mr S Tidy FIA Isio Total Reward and Benefits Limited (to 30 September 2023) Isio Group Limited (from 1 October 2023) 9th Floor, LDN:W 3 Noble Street London EC2V 7EE  As a result of the above there has been no change to the appointed Scheme Actuary.
<b>Legal Advisers</b>	Linklaters LLP One Silk Street London EC2Y 8HQ
<b>Bank</b>	HSBC Bank plc Level 30 8 Canada Square Canary Wharf London E14 5HQ
<b>Independent auditors</b>	BDO LLP 2 Atlantic Square 31 York Street Glasgow G2 8NJ
<b>Investment Consultants</b>	Hymans Robertson LLP First Floor One London Wall London EC2Y 5EA
<b>Annuity providers</b>	Aviva Annuity UK Limited ("Aviva") Legal & General Retirement Limited ("Legal & General") Prudential Annuities Limited ("Prudential") Canada Life Limited ("Canada Life")

# The College of Law Pension and Assurance Scheme

## Trustees' Report for the year ended 30 June 2023

---

The Trustees of the College of Law Pension and Assurance Scheme ("the Scheme") present their annual report together with the Investment Report, Actuarial Certificate, Summary of Contributions, Compliance Statement and Financial Statements for the year ended 30 June 2023.

The 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 at the following website, [https://member.thepensionsplatform.co.uk/COL\\_WelcomePage](https://member.thepensionsplatform.co.uk/COL_WelcomePage) and also to Members on request to the Secretary.

### **Constitution of the Scheme**

The Scheme was established on 1 August 1962 and is governed by English Law and by the definitive Trust Deed and Rules dated 23rd 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) until 5 April 2016.

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

The Scheme closed to future accrual in September 2021.

The address of the Trustees is shown on page 2.

### **Trustees**

Trustees are appointed or removed in accordance with the Trust Deed and Rules of the Scheme. At the end of the year to which this Report relates (30 June 2023), there were four Trustees, as set out on page 2. On 7 November 2022, Dalriada Trustees Limited was appointed as an additional Employer-appointed trustee. Alan Humphreys (an Employer-appointed trustee) died in early December 2022. The number of Trustees (and the split between Employer-appointed and Member-nominated trustees) remains unchanged as at the date of this Report. Trustees may resign from office at any time by giving not less than one month's written notice to the Employer.

The Employer-appointed trustees may be removed at any time by the Employer. 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.

During the year the Trustees conducted four meetings (2022: five).

### **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 any discretionary benefits.

# The College of Law Pension and Assurance Scheme

## Trustees' Report for the year ended 30 June 2023

*(continued)*

### Pension increases

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 each year in line with RPI subject to a maximum of 5% increase each year;
- on or after 1 August 2006 will increase each year in line with RPI subject to 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.

### Membership

The total membership position changes were as follows:

	<b>2023</b>	<b>2022</b>
<b>Active members</b>		
Active at start of year	-	9
To deferred	-	(9)
<b>Active members at end of year</b>	-	-
<b>Deferred members</b>		
Deferred at start of year	404	412
From active	-	9
Retirements	(17)	(13)
Transfers out	(3)	(4)
Trivial commutations	(2)	-
<b>Deferred members at end of year</b>	382	404
<b>Pensioners</b>		
Pensioners at the start of the year	312	294
Adjustment to opening balance	(1)	9
Retirements	17	13
Deaths	(12)	(4)
New dependants	5	-
<b>Pensioners at end of year</b>	321	312
<b>Total membership at the end of the year</b>	<b>703</b>	<b>716</b>

# The College of Law Pension and Assurance Scheme

## Trustees' Report for the year ended 30 June 2023

*(continued)*

---

### **Membership (continued)**

The adjustment to the opening balance of the pensioner members in the prior year is an administrative update with regards to members who hold multiple periods of service. The adjustment to the opening balance of the pensioner members in the current year is due to the late notification of a pensioner death.

The Scheme closed to future accrual on 1 September 2021 after which the active members of the Scheme became deferred members of the Scheme.

The Trustees have periodically carried out the bulk purchase of annuities for pensioners. At 30 June 2023 the Scheme provides 203 (2022: 213) pensions in payment to pensioners in this way together with 118 (2022: 101) pensions paid directly from the Scheme assets.

### **Contributions**

The Scheme closed to further active member service accrual as from 1 September 2021 after which no further normal contributions were payable.

As the Scheme was in surplus as at the triennial valuation carried out as at 30 June 2021, no deficit funding contributions are required in the year to 30 June 2023.

The Schedule of Contributions certified on 1 December 2021 stated that contributions towards expenses of £400,000 per annum are payable until 1 December 2026.

During the year, all contributions to the Scheme have been paid in accordance with the Schedule of Contributions certified by the Scheme Actuary on 1 December 2021.

### **Financial Development**

The financial statements have been prepared and audited in compliance with regulations made 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 fund account on page 22 shows that the value of the Scheme's Net Assets decreased from £195,434,000 at 30 June 2022 to £143,109,000 at 30 June 2023.

# The College of Law Pension and Assurance Scheme

## Trustees' Report for the year ended 30 June 2023

*(continued)*

---

### **Guaranteed Minimum Pension (GMP) Equalisation**

The High Court judgement in October 2018 in respect of the equalisation of benefits under pension schemes sponsored by the Lloyds Banking Group could have accounting implications for defined benefit pension schemes with unequal GMPs for members who were contracted out between 17 May 1990 and 5 April 1997. The ruling clarifies and confirms a legal obligation on scheme trustees to equalise benefits, so as to remove inequalities caused by GMP entitlements. Equalisation includes backdating of benefit adjustments and related interest to 17 May 1990, subject to scheme rules which may have time limits on backdating.

A further judgement in November 2020 confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by these judgments arise in relation to many other defined benefit pension schemes.

Under Financial Reporting Standard 102 (FRS 102) and the Pension Statement of Recommended Practice (SORP) the obligation in respect of backdating benefits and related interest should be recognised as a liability in pension scheme financial statements where material and when it can be measured reliably (SORP:3.6.3).

Details of the impact of this for the Scheme are detailed in note 17 of the financial statements.

### **Report on Actuarial Liabilities**

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 2021. This showed a surplus in the Scheme of £23.3 million, with the value of the assets representing 110% 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 0.5% 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
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.



# The College of Law Pension and Assurance Scheme

## Trustees' Report for the year ended 30 June 2023

*(continued)*

### Report on Actuarial Liabilities (continued)

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.

As the Scheme ceased to accrual from 1 September 2021 and the Scheme was in surplus as at 1 July 2021, no contributions are payable in respect of future service or deficit repair. The Employer agreed to pay £400,000 per annum towards the expenses of running the Scheme.

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 updated results as at 1 July 2022 and 1 July 2023 as set out below:

	1 July 2021		1 July 2022		1 July 2023	
	Funding Surplus / (Deficit)		Funding Surplus / (Deficit)		Funding Surplus / (Deficit)	
	%	£ million	%	£ million	%	£ million
On-going valuation	110	23.3	108	14.9	102	3.3
FRS 102 valuation	122	45.4	128	40.7	112	14.3
Solvency	93	(19.6)	96	(8.7)	94	(9.5)
Pension Protection Fund	138	69.2	137	53.0	130	33.0

The On-going valuation basis, as referred to in the table above, is the triennial valuation Technical Provisions basis.

Mortality assumptions used are in line with 80% of the PxA08 tables based on Member's year of birth, improving in line with 2020 projections A = 0.5%, with a 1.5% p.a. (1.0%) p.a. long-term trend.

The next full triennial valuation will take place based on data as at 1 July 2024.

### Investment Report

#### *Economic overview*

Global economic growth slowed in the twelve months to end-June 2023, though a fall in energy prices and unexpected resilience in labour markets and consumer spending in recent months did see outperformance relative to prior downbeat expectations. Nonetheless, with higher interest rates likely to weigh on consumer and business activity in the second half of 2023 and into 2024, growth forecasts remain relatively weak.

After reaching highs of 11.1%, 10.6%, and 9.1% in the UK, Eurozone, and the US in late 2022, year-on-year headline inflation in June 2023 has since eased to 7.9%, 5.5%, and 3.0% in those respective regions. Year-on-year core inflation fell less in the US, to 4.8% year-on-year, and, despite recent declines, rose over the period in the UK and eurozone, to 6.9% and 5.5%, respectively.

# The College of Law Pension and Assurance Scheme

## Trustees' Report for the year ended 30 June 2023

*(continued)*

---

### **Investment Report (continued)**

#### *Economic overview (continued)*

Against this backdrop, major central banks continued to raise interest rates to combat above-target inflation. Interest rates were raised from near-historically low levels, to 5.25% p.a., 5.0% p.a., and 3.5% p.a., in the US, UK, and eurozone, respectively.

UK 10-year gilt yields rose 2.1% p.a. to 4.4% p.a., as higher-than-expected inflation data, and subsequent re-evaluation of interest rates expectations, was compounded by heavy issuance and BoE gilt sales. Equivalent US yields rose 0.8% p.a., to 3.8% p.a., and German yields increased by 1.1% p.a., to 2.4% p.a.

UK 10-year implied inflation, as measured by the difference between conventional and inflation-linked bonds of the same maturity, was unchanged at 3.6% p.a., as real and nominal yields rose by similar amounts.

The UK investment-grade credit market recorded negative total returns as the rise in underlying gilt yields more than offset a fall in credit spreads. Global investment grade credit spreads fell 0.4% p.a. to 1.4% p.a., while speculative-grade credit spreads declined 1.9% p.a., to 4.5% p.a.

The FTSE All World Total Return index rose 16.9% in local currency terms, with resilient economic data, better-than-expected earnings, and AI-inspired optimism around the technology sector in the six months to end-June 2023 contributing strongly to this outcome. Japanese equities were the strongest performing region as the exporter-heavy index benefitted from Yen weakness. European and North American equities also outperformed, with the former benefitting from an improvement in consumer and business sentiment on the back of lower gas prices, and the latter benefitting from its disproportionately high exposure to the technology sector, which outperformed. Meanwhile, disappointing Chinese activity data dragged down emerging markets and Asia Pacific ex-Japan which were the worst performing regions. The UK also underperformed given its above average exposure to the underperforming basic materials and energy sectors and sterling strength.

Sterling rose 4.6% in trade-weighted terms as interest rate expectations soared. Meanwhile, the equivalent euro measure rose 7.6% and the US dollar remained broadly unchanged. The yen fell 3.2% as the Bank of Japan maintained ultra-accommodative monetary policy while major trading partners raised rates rapidly.

#### *Navigating Market Volatility*

In the period of heightened market volatility in autumn 2022, the Scheme was able to maintain its existing hedging positions. This was because there were sufficient liquid realisable assets available to meet recapitalisation requirements, although some realisations were at depressed values. In particular, the Trustees were able to provide signatures at short notice to ensure necessary actions were taken to maintain hedging.

# The College of Law Pension and Assurance Scheme

## Trustees' Report for the year ended 30 June 2023

*(continued)*

### Investment Report (continued)

#### *Navigating Market Volatility (continued)*

To facilitate potential future collateral call requirements, the Scheme has now included corporate bonds within the assets available for the manager to draw down from automatically in the LDI rebalancing instructions. Whilst the inclusion of corporate bonds within the LDI rebalancing instruction will allow the Scheme to quickly access larger amounts of liquidity at short notice, the Scheme will continue to hold a reserve of cash to avoid selling down corporate bonds during distressed periods.

#### *Performance Summary (Net of Fees)*

	L&G LDI	L&G Corporate Bonds	L&G Cash	Insight	Partners	Total Fund
	%	%	%	%	%	%
<b>12 Months Absolute</b>	<b>-56.4</b>	<b>-15.9</b>	<b>3.0</b>	<b>2.0</b>	<b>7.0</b>	<b>-31.9</b>
12 Months Benchmark	-56.4	-15.8	3.1	3.2	7.9	-31.8
<b>3 Years Annualised</b>	<b>-37.2</b>	<b>-15.2</b>	<b>1.1</b>	<b>1.1</b>	<b>5.8</b>	<b>-21.7</b>
3 Years Benchmark	-37.2	-15.1	1.2	1.1	5.6	-21.7
<b>5 Years Annualised</b>	<b>-17.1</b>	<b>-5.2</b>	<b>0.9</b>	<b>1.0</b>	<b>5.0</b>	<b>-9.2</b>
5 Years Benchmark	-17.1	-5.1	0.9	1.0	5.3	-9.2

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*

##### *Legal & General Investment Management*

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 College of Law Pension and Assurance Scheme

## Trustees' Report for the year ended 30 June 2023

*(continued)*

### Investment Report (continued)

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

	Valuation and Distribution 30 June 2023			Valuation and Distribution 30 June 2022		
	£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	35,811	41.6	38.4	59,298	51.0	44.4
Cash Fund	4,977	5.8	5.3	10,343	6.6	5.7
LDI Mandate Gilt funds:						
Gilt Funds	9,052	10.5	9.7	17,478	15.0	13.1
Index-Linked Gilt funds	13,321	15.5	14.3	16,856	14.5	12.6
Leveraged Gilt funds	6,467	7.5	6.9	-	-	-
Leveraged Index-Linked Gilt funds	16,444	19.1	17.6	12,296	12.9	11.2
<b>Total Assets</b>	<b>86,072</b>	<b>100.0</b>	<b>92.2</b>	<b>116,271</b>	<b>100.0</b>	<b>87.1</b>

*\*excluding Annuities and AVCs*

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

The value of units held under LGIM represented 92.2% of the total net assets of the scheme at 30 June 2023 (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 provide diversified exposure and a competitive return in relation to SONIA (Sterling Overnight Index Average).

#### *Insight Investments*

The value of units held in the Insight High Grade ABS Fund at 30 June 2023 was £3,144k (2022: £9,733k). The investments were initially purchased in October 2017 at a cost of £10 million. A portion of these holdings were sold in the latter part of 2022 to meet LDI capital calls and to rebalance the overall portfolio. The value of units represented 3.4% of the total net assets of the scheme at 30 June 2023 (excluding Annuities and AVCs).

# The College of Law Pension and Assurance Scheme

## Trustees' Report for the year ended 30 June 2023

*(continued)*

---

### **Investment Report (continued)**

#### *Partners Group*

The value of the units held in the Partners Group Private Markets Credit Strategies Multi Asset Credit Fund 2017 at 30 June 2023 was £3,492k (2022: £4,639k). The value at 30 June 2023 is after a distribution to the Scheme of £1,442k during the year. The value of units represented 3.7% of the total net assets of the scheme at 30 June 2023 (excluding Annuities and AVCs).

### **Going concern and other matters**

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 30th June 2023 were signed off, with an unmodified audit opinion, in October 2023. The Employer is a charitable foundation and its net assets at the year-end were £271 million of which £268 million were held in pooled funds providing a strong balance sheet.

The Scheme was in surplus at the 2021 Triennial Valuation on an On-going (Technical Provisions) basis (see table on page 8).

The Scheme holds no equity investments and the Trustees have in place a Liability Driven Investment Strategy which included hedging interest rate and inflation liabilities. The Trustees actively monitor both the financial security of the Scheme and the suitability of the investment strategy and will continue to do so.

There has been no direct impact on the Scheme as a result of the Ukraine/Russia conflict.

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

## Trustees' Report for the year ended 30 June 2023

*(continued)*

---

### **Further information**

Any enquiries or complaints about the Scheme, including requests from individuals for information about their benefits or for copy scheme documentation, should be sent to:

The Trustees of the College of Law Pension and Assurance Scheme

Care of: Secretary to the Trustees  
Isio Group Limited  
3 Hardman Square  
Manchester  
M3 3EB

Email: [collegeoflaw@isio.com](mailto:collegeoflaw@isio.com)

Approved by the Trustees and signed for and on their behalf

Trustee: T Perrella

Trustee: C Beanland

Date: 31 January 2024

# The College of Law Pension and Assurance Scheme

## Statement of Trustees' Responsibilities

---

### **Trustees' Responsibilities in respect of the financial statements**

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice including 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 SORP.

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

## Compliance Statement

---

The purpose of this compliance statement is to disclose some additional information required by law but which is not considered to be of such significance to Scheme members that it requires the more prominent disclosures afforded by inclusion in the Trustees' report.

### **The Pensions Regulator**

The Pensions Regulator regulates company pension schemes and enforces the law as it relates to them. It has wide-ranging powers, which include the power to:

- Suspend, disqualify and remove Trustees for consistently failing to carry out their duties;
- Wind up schemes where necessary; and
- Apply for information to prevent the misuse and misappropriation of scheme assets
- Apply for restriction where necessary.

The Scheme's Auditor and Scheme Actuary have a statutory duty to make an immediate written report to the Pensions Regulator if they believe that certain legal duties concerned with the administration of the Scheme are not being carried out. The Pensions Regulator can be contacted at:

The Pensions Regulator  
Telecom House  
125-135 Preston Road  
Brighton  
BN1 6AF

Telephone number: 0345 600 0707  
Email: [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)  
Website: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

### **The Pensions Tracing Service**

The Pensions Tracing Service provides a tracing service for members (and their dependants) of previous employers' schemes, who have lost touch with earlier employers and Trustees. To trace a benefit entitlement under a former employer's scheme, enquiries should be addressed to:

The Pension Service  
Post Handling Site A  
Wolverhampton  
WV98 1AF

Telephone: 0800 731 0193  
Tracing can be done online at:  
[www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)



# The College of Law Pension and Assurance Scheme

## Compliance Statement (continued)

---

### **The Pensions Ombudsman and MoneyHelper**

Any concern connected with the Scheme should be referred to the Administrator who will try to resolve the problem as quickly as possible (in line with the Scheme's Internal Dispute Resolution Procedure in place).

In the event that a complaint cannot be resolved members can make a formal complaint to the Pensions Ombudsman. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the event(s) happened or, within three years of when the event(s) was first known about it (or ought to have been known about). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:

10 South Colonnade  
Canary Wharf  
E14 4PU

Telephone: 0800 917 4487  
Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)  
Website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

Complaints can also be submitted online. Further information on how to complain about an occupational pension can be seen on this page:  
[www.pensions-ombudsman.org.uk/submit-complaint](http://www.pensions-ombudsman.org.uk/submit-complaint)

For general requests for information or guidance concerning pension arrangements contact:

MoneyHelper  
The Money and Pensions Service  
Holborn Centre  
120 Holborn  
London  
EC1N 2TD

Telephone: 0800 011 3797  
Email: [contact@maps.org.uk](mailto:contact@maps.org.uk)  
Website: [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

### **The Pension Protection Fund**

The Pension Protection Fund was established to provide compensation to members of eligible defined benefit pension schemes when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation.

PO Box 254  
Wyndham  
NR18 8DN

Telephone: 0345 600 2541  
Email: [information@ppf.co.uk](mailto:information@ppf.co.uk)  
Website: [www.ppf.co.uk](http://www.ppf.co.uk)

# The College of Law Pension and Assurance Scheme

## Actuarial Certificate

---

# Actuary's certification of Schedule of Contributions

Name of scheme: College of Law Pensions and Assurance Scheme

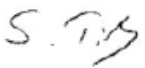
### Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective will continue to be met during 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 dated December 2021.

The certification of the adequacy of the rates of contributions for the purpose of securing 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 Scheme were to be wound up.

<b>Signature</b> 	<b>Date</b> 1 December 2021
<b>Name</b> Simon Tidy	<b>Qualification</b> Fellow of the Institute and Faculty of Actuaries
<b>Address</b> 1 New Street Square London EC4A 3TR	<b>Employer</b> Deloitte Total Reward and Benefits Limited

# Independent auditor's report to the Trustees of The College of Law Pension and Assurance Scheme

---

## **Opinion on the financial statements**

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 30 June 2023 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 2023 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.

# Independent auditor's report to the Trustees of The College of Law Pension and Assurance Scheme (continued)

---

## **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. 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.

# Independent auditor's report to the Trustees of The College of Law Pension and Assurance Scheme (continued)

---

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

### *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.

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 the Trustees 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 the Trustees.
- Reviewing any significant correspondence with the Pensions Regulator.

# Independent auditor's report to the Trustees of The College of Law Pension and Assurance Scheme (continued)

---

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

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  
Glasgow  
United Kingdom

Date: 31 January 2024

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

# The College of Law Pension and Assurance Scheme

## Fund Account for the year ended 30 June 2023

	<i>Notes</i>	<b>2023</b> <b>£000</b>	<i>2022</i> <i>£000</i>
<b>Contributions and benefits</b>			
Employer contributions	4	<u>400</u>	<u>259</u>
<b>Total contributions</b>		<u>400</u>	<u>259</u>
Benefits paid or payable	5	<b>(6,134)</b>	(5,087)
Payments to and on account of leavers	6	<b>(1,064)</b>	(1,004)
Other payments	7	-	(2)
Administrative expenses	8	<u><b>(865)</b></u>	<u>(986)</u>
		<b>(8,063)</b>	<b>(7,079)</b>
<b>Net withdrawals from dealings with members</b>		<u><b>(7,663)</b></u>	<u><b>(6,820)</b></u>
<b>Returns on investments</b>			
Investment income	9	<b>4,297</b>	4,416
Change in market value of investments	11	<b>(48,862)</b>	(62,260)
Investment management expenses	10	<u><b>(97)</b></u>	<u>(138)</u>
<b>Net returns of investments</b>		<u><b>(44,662)</b></u>	<u><b>(57,982)</b></u>
 <b>Net decrease in the fund during the year</b>		<u><b>(52,325)</b></u>	<u><b>(64,802)</b></u>
<b>Net assets of the Scheme:</b>			
<b>At 1 July</b>		<u><b>195,434</b></u>	<u><b>260,236</b></u>
 <b>At 30 June</b>		<u><b>143,109</b></u>	<u><b>195,434</b></u>

The notes on pages 24 to 34 form an integral part of these Financial Statements.

# The College of Law Pension and Assurance Scheme

## Statement of Net Assets

(available for benefits) as at 30 June 2023

	<i>Notes</i>	<b>2023</b> <b>£000</b>	<i>2022</i> <i>£000</i>
<b>Investment assets:</b>			
Pooled investment vehicles	<i>11</i>	<b>92,707</b>	<i>130,643</i>
Insurance policies	<i>11</i>	<b>49,592</b>	<i>61,538</i>
AVCs	<i>11</i>	<b>294</b>	<i>308</i>
Cash	<i>11</i>	-	<i>267</i>
Investment income	<i>11</i>	-	<i>81</i>
		<b>142,593</b>	<i>192,837</i>
<b>Current assets</b>	<i>15</i>	<b>934</b>	<i>2,877</i>
<b>Current liabilities</b>	<i>16</i>	<b>(418)</b>	<i>(280)</i>
<b>Net assets of the Scheme at 30 June</b>		<b>143,109</b>	<b>195,434</b>

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and 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 in the Report on Actuarial Liabilities on pages 7 and 8 of the Annual Report and these financial statements should be read in conjunction with this report.

The financial statements on pages 22 to 34 were approved by the Trustees on 31 January 2024 and were signed on their behalf by:

Trustee: T Perrella

Trustee: C Beanland



# The College of Law Pension and Assurance Scheme

## Notes to the Financial Statements

### For the year ended 30 June 2023

---

#### **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, FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the SORP (revised 2018).

The financial statements as at 30 June 2023 continue to be prepared on a going concern basis. The Trustees have considered the funding levels of the Scheme together with the investment strategy, investment performance and the employer covenant. The Trustees consider the basis to be appropriate as they believe that the Scheme has adequate resources to realise its assets and meet benefit payments in the normal course of affairs for at least the next 12 months.

#### **2. Identification of the financial statements**

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustees' Report on page 13.

#### **3. Accounting Policies**

The following principal accounting policies have been adopted in the preparation of the financial statements and have been applied consistently:

##### **Currency**

The functional currency of the Scheme is pounds sterling (GBP).

##### **Contributions**

Contributions are accounted for in the period in which they fall due. All Active Members contributed by way of a salary sacrifice until the Scheme closed to future accrual on 1 September 2021.

##### **Benefits and payments to and on account of leavers**

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

Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.

Other benefits are accounted for on an accruals basis on the date of retirement or death as appropriate.

# The College of Law Pension and Assurance Scheme

## Notes to the Financial Statements

### For the year ended 30 June 2023 (continued)

---

#### **3. Accounting Policies (continued)**

##### **Transfers to and from 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 and investment management 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.

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 and classification of investments**

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 2023.

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. 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.

# The College of Law Pension and Assurance Scheme

## Notes to the Financial Statements

### For the year ended 30 June 2023 (continued)

#### 4. Contributions

	<b>2023</b>	<i>2022</i>
	<b>£000</b>	<i>£000</i>
<b>Employer:</b>		
Normal contributions	-	26
Contributions in respect of fees and expenses	<b>400</b>	233
	<b>400</b>	259

Employer normal contributions received during the year ended 30 June 2022 include contributions in respect of salary sacrifice arrangements made available by the Principal Employer. The Scheme closed to future accrual on 1 September 2021 after which no further normal contributions were payable.

As the Scheme was in surplus as at the triennial valuation carried out as at 30 June 2021 no deficit funding contributions are required in the year to 30 June 2023.

The Schedule of Contributions, certified on 1 December 2021, stated that contributions towards expenses of £400,000 per annum are payable until 1 December 2026.

#### 5. Benefits paid or payable

	<b>2023</b>	<i>2022</i>
	<b>£000</b>	<i>£000</i>
Pensions	<b>4,825</b>	4,568
Lump sum retirement benefits and commutations	<b>1,279</b>	514
Lump sum death benefits	<b>30</b>	5
	<b>6,134</b>	5,087

The pensions total above includes £3,807k (2022: £3,717k) pensions paid from annuity providers. These annuity providers are Aviva, Legal & General, Prudential and Canada Life.

#### 6. Payments to and on account of leavers

	<b>2023</b>	<i>2022</i>
	<b>£000</b>	<i>£000</i>
Transfers out	<b>1,064</b>	1,004

The College of Law Pension and Assurance Scheme  
Notes to the Financial Statements  
For the year ended 30 June 2023 (continued)

**7. Other payments**

	<b>2023</b>	<i>2022</i>
	<b>£000</b>	<i>£000</i>
Premiums on term insurance policies	<u>-</u>	<u>2</u>

**8. Administrative expenses**

	<b>2023</b>	<i>2022</i>
	<b>£000</b>	<i>£000</i>
Legal and Professional fees	<b>546</b>	<i>796</i>
Administration, processing & actuarial fees	<b>242</b>	<i>171</i>
Trustees' fees	<b>77</b>	<i>19</i>
	<u><b>865</b></u>	<u><i>986</i></u>

**9. Investment income**

	<b>2023</b>	<i>2022</i>
	<b>£000</b>	<i>£000</i>
Income from pooled investment vehicles	<b>490</b>	<i>699</i>
Annuity income	<b>3,807</b>	<i>3,717</i>
	<u><b>4,297</b></u>	<u><i>4,416</i></u>

**10. Investment management expenses**

	<b>2023</b>	<i>2022</i>
	<b>£000</b>	<i>£000</i>
Administration, management and custody	<u><b>97</b></u>	<u><i>138</i></u>

# The College of Law Pension and Assurance Scheme

## Notes to the Financial Statements

### For the year ended 30 June 2023 (continued)

#### 11. Investment assets

	Value at 1 July 2022 £000	Purchases at cost £000	Sales proceeds £000	Change in Market Value £000	Value at 30 June 2023 £000
<b>Pooled investment vehicles</b>					
<i>Gilts and Bonds</i>	105,928	47,496	(35,359)	(36,971)	81,094
<i>Cash</i>	10,343	26,574	(32,144)	204	4,977
<i>Asset Backed Credit</i>	9,733	-	(6,500)	(89)	3,144
<i>Private Credit</i>	4,639	-	(1,069)	(78)	3,492
	130,643	74,070	(75,072)	(36,934)	92,707
<b>Insurance policies</b>	61,538	-	-	(11,946)	49,592
<b>AVC investments</b>	308	-	(32)	18	294
	<b>192,489</b>	<b>74,070</b>	<b>(75,104)</b>	<b>(48,862)</b>	<b>142,593</b>
<b>Cash</b>	267				-
<b>Investment income</b>	81				-
	<b>192,837</b>				<b>142,593</b>

#### Concentration of investments

Investments exceeding 5% of the value of net assets of the Scheme at the year end are detailed below:

	£000	%
Insurance Policies – Aviva	<b>43,244</b>	<b>30.2</b>
Legal & General AAA-AA-A Bonds Over 15 year index	<b>35,811</b>	<b>25.0</b>
Legal & General 2060 Gilt Fund	<b>8,153</b>	<b>5.7</b>
Legal & General 2047 Index-Linked Gilt	<b>7,510</b>	<b>5.2</b>

#### 12. Additional Voluntary Contributions (AVCs)

The Trustees hold assets, which are separately invested from the main fund, in the form of individual pooled investment funds. These secure additional benefits, on a money purchase basis, are for those Members who elected to pay AVCs.

The aggregate amounts of AVC investments are as follows:

	2023 £000	2022 £000
Aegon	<b>87</b>	106
Standard Life Plc	<b>207</b>	202
	<b>294</b>	<b>308</b>

# The College of Law Pension and Assurance Scheme

## Notes to the Financial Statements

### For the year ended 30 June 2023 (continued)

#### 13. Fair value of investments

The fair value of financial investments has been estimated using the following fair value hierarchy:

- Category (1)            The quoted price for an identical asset in an active market at the reporting date.
- Category (2)            When quoted prices are unavailable, the price of a recent transaction for an identical asset adjusted if necessary.
- Category (3)            Where a quoted price is not available and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is determined by using a valuation technique that uses un-observable data.

The Scheme's investment assets have been included at fair value using the above hierarchy categories as follows:

	<b>At 30 June 2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Pooled investment vehicles	-	89,215	3,492	92,707
Insurance policies	-	-	49,592	49,592
AVCs	-	294	-	294
	<b>-</b>	<b>89,509</b>	<b>53,084</b>	<b>142,593</b>

Analysis for the prior year end is as follows:

	<b>At 30 June 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Pooled investment vehicles	-	126,004	4,639	130,643
Insurance policies	-	-	61,538	61,538
AVCs	-	308	-	308
Cash	267	-	-	267
Investment income	81	-	-	81
	<b>348</b>	<b>126,312</b>	<b>66,177</b>	<b>192,837</b>

# The College of Law Pension and Assurance Scheme

## Notes to the Financial Statements

### For the year ended 30 June 2023 (continued)

#### 14. 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 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		
<i>LDI mandate gilt funds:</i>				
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

# The College of Law Pension and Assurance Scheme

## Notes to the Financial Statements

### For the year ended 30 June 2023 (continued)

#### 14. Investment risks (continued)

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

<b>Values as at 30 June 2023</b>	<b>Credit risk</b>	<b>Interest risk</b>	<b>Currency risk</b>	<b>Other</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Legal & General	86,071	86,071	-	29,765	<b>86,071</b>
Insight Investments	3,144	3,144	-	-	<b>3,144</b>
Partners Group	3,492	3,492	3,492	3,492	<b>3,492</b>
Insurance policies	49,592	-	-	-	<b>49,592</b>
	<b>142,299</b>	<b>92,707</b>	<b>3,492</b>	<b>33,257</b>	<b>142,299</b>

<b>Values as at 30 June 2022</b>	<b>Credit risk</b>	<b>Interest risk</b>	<b>Currency risk</b>	<b>Other</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Legal & General	116,271	116,271	-	31,860	<b>116,271</b>
Insight Investments	9,733	9,733	-	-	<b>9,733</b>
Partners Group	4,639	4,639	4,639	4,639	<b>4,639</b>
Insurance policies	61,538	-	-	-	<b>61,538</b>
	<b>192,181</b>	<b>130,643</b>	<b>4,639</b>	<b>36,499</b>	<b>192,181</b>

A summary of pooled investment vehicles by type of arrangement is as follows:

	<b>Year ended 30 June 2023</b>	<b>Year ended 30 June 2022</b>
	<b>£000s</b>	<b>£000s</b>
Unit linked insurance contracts	86,071	116,271
Open ended investment companies	3,144	9,733
Other – Close ended structure	3,492	4,639
<b>Total</b>	<b>92,707</b>	<b>130,643</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.

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.



# The College of Law Pension and Assurance Scheme

## Notes to the Financial Statements

### For the year ended 30 June 2023 (continued)

---

#### **14. Investment risks (continued)**

##### **Credit risk (continued)**

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.

##### **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 95% 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 Scheme will be reduced.

The College of Law Pension and Assurance Scheme  
Notes to the Financial Statements  
For the year ended 30 June 2023 (continued)

**15. Current assets**

	<b>2023</b>	<i>2022</i>
	<b>£000</b>	<i>£000</i>
Bank account	<b>934</b>	<i>2,877</i>
	<b>934</b>	<i>2,877</i>

**16. Current liabilities**

	<b>2023</b>	<i>2022</i>
	<b>£000</b>	<i>£000</i>
Sundry creditors	<b>142</b>	<i>173</i>
Unpaid benefits	<b>176</b>	<i>20</i>
Taxation	<b>29</b>	<i>20</i>
Prepaid contributions	<b>67</b>	<i>67</i>
Prepaid annuity income	<b>4</b>	<i>-</i>
	<b>418</b>	<i>280</i>

**17. GMP Equalisation**

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.

As part of the Triennial Valuation as at 30 June 2021 a reserve of £957,000 was included for GMP equalisation (0.4% of the Technical Provisions). A project is currently underway to equalise historic benefits, and the Scheme Actuary has subsequently reported to the Trustees that the impact of GMP equalisation is estimated to be 0.06% of liabilities (£148,000 as at 30 June 2022).

# The College of Law Pension and Assurance Scheme

## Notes to the Financial Statements

### For the year ended 30 June 2023 (continued)

---

#### **18. Related party transactions**

Of the three (2022: four) people who were Trustees during all or part of the year two, Mr C. Beanland and Mr R. G. Jones, are Members of the Scheme. All benefits and transactions with them during the year have been in accordance with the Scheme Rules.

Expenses of £12.5k (2022: £19k) were payable to Mr D. Sloan for his services as the Chairman of the Trustees during the year to his resignation in January 2023, with some small reimbursements to the remaining Trustees. No amounts were due at the year end to the Chairman of the Trustees (2022: £16k).

During the year, the Company paid fees of £31.6k (2022: £nil) to Dalriada Trustees Limited. This was reimbursed by the Scheme post year end.

#### **19. Taxation**

The Scheme is registered under the terms of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

# Independent Auditor's Statement about Contributions to The Trustees of the College of Law Pension and Assurance Scheme

---

## **Statement about contributions**

We have examined the Summary of Contributions to The College of Law Pension and Assurance Scheme ('the Scheme') for the year ended 30 June 2023 on page 36.

In our opinion, contributions for the year ended 30 June 2023, as reported in the Summary of Contributions and payable under the Schedules of Contributions, have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 1 December 2021.

## **Scope of work on statement about contributions**

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the 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 amounts 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 14, 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 any 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 statement is made solely to the Scheme's 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's 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  
Glasgow  
United Kingdom  
Date: 31 January 2024

*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

---

During the year, the contributions payable to the Scheme by the Principal Employer were as follows:

	<b>Employer £000</b>
<b>Required by the Schedule of Contributions</b>	
Contributions in respect of fees and expenses	<b>400</b>
	<hr/>
Total required under the Schedule of Contributions (and total reported upon by the Scheme auditors as per Fund Account)	<b><u>400</u></b>

During the year, all contributions to the Scheme have been paid in accordance with the Schedule of Contributions certified by the Scheme Actuary on 1 December 2021.

Approved by the Trustees and signed for and on their behalf:

Trustee: T Perrella

Trustee: C Beanland

Date: 31 January 2024

# The College of Law Pension and Assurance Scheme

## Appendix 1 Implementation Statement

---

### **Statement of Compliance with the College of Law Pension and Assurance Scheme's Stewardship Policy for the year ending 30 June 2023**

#### **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 2022 to 30 June 2023 (the "**2022/23 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 15 September 2023.

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 2022/23 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.

# The College of Law Pension and Assurance Scheme

## Appendix 1 Implementation Statement (continued)

---

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 2022/23 Scheme Year and noted that no red flags were reported.

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 2022/23 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 2022/23 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.

# The College of Law Pension and Assurance Scheme

## Appendix 1 Implementation Statement (continued)

### Engagement activity

The Trustees hold meetings with their investment managers on a periodic basis where various stewardship issues are discussed in detail. Over the last 12 months, the Trustees has met with one of their three managers. The Trustee has discussed the following issues over the course of the current calendar year.

Date	Fund manager	Subject discussed	Outcome
16 September 2022	LGIM	Scheme holdings and collateral positions, fund performance, market updates, ESG policies and risk management procedures in leveraged LDI strategy.	The Trustees questioned the ESG case study for JP Morgan who engaged with a counterparty, whether the counterparties are also investigated against LGIM'S ESG policies. LGIM affirmed this practice and the Trustees were satisfied with LGIM's response and presentation.

### Summary of manager engagement activity

The following table summarises the key engagement activities by the Scheme's three investment managers, during the 2022/23 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 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 2023, holdings with LGIM accounted for approximately 92% (excluding Insurance policies).



# The College of Law Pension and Assurance Scheme

## Appendix 1 Implementation Statement (continued)

Manager	Number of engagements	Topics engaged on	Case Studies
Partners Group: Private Markets Credit Strategies	20	Repayment, exit announcement, restructuring progress, and trading update.	<p><b>GLX Holdings</b></p> <ul style="list-style-type: none"> <li>Engagement topic: Call with sponsor about upcoming repayment.</li> <li>Outcome: Following the successful refinancing, the loan provided was fully repaid at par.</li> </ul> <p><b>GongCha</b></p> <ul style="list-style-type: none"> <li>Engagement topic: Regular update call with sponsor and management</li> <li>Outcome: Announcement on the partial repayment of the loan funded by cash available on the balance sheet. Approximately 10% of loan was subsequently repaid.</li> </ul> <p><b>Prometric</b></p> <ul style="list-style-type: none"> <li>Engagement topic: Trading update</li> <li>Outcome: As of March 2023, Prometric have largely returned to pre-pandemic test volumes. Normalisation of pent-up backlog - with reduction in volumes offset by new sales this quarter. Momentum in new sales wins has continued with its revamped sales force.</li> </ul>
LGIM	1133 firmwide	Climate impact pledge, remuneration, ethnic diversity, climate change, board composition, strategy, and public health.	<p><b>Toyota Motor Corporation</b></p> <ul style="list-style-type: none"> <li>Engagement topic: As a member of the ACGA Japan Working Group, LGIM engaged with the company to improve their corporate governance and sustainability practices.</li> <li>Outcome: LGIM spoke with one of the outside directors on the board and were able to have a candid conversation about how outside directors add value to the board and the quality of board discussions. LGIM view corporate transparency to be the first step in fostering in-depth discussions on climate-related views and the company's strategic changes.</li> </ul> <p><b>BASF</b></p> <ul style="list-style-type: none"> <li>Engagement topic: LGIM collaborated with Share Action to engage BASF and other major European chemical companies to implement decarbonisation strategies.</li> </ul>

# The College of Law Pension and Assurance Scheme

## Appendix 1 Implementation Statement (continued)

			<ul style="list-style-type: none"> <li>Outcome: Progress has been made, with BASF confirming plans to reach net zero by 2050. Nevertheless, there is still much progress to be made, and the collaboration will continue this year focusing on clear plans to make the transition happen.</li> </ul>
			<p><b>Amazon</b></p> <ul style="list-style-type: none"> <li>Engagement topic: Continued engagement on reporting median and adjusted gender/racial pay gaps.</li> <li>Outcome: LGIM have consistently supported the proposal. Despite LGIM's requests for disclosure, Amazon maintain that shareholders would not find the information useful.</li> </ul>
Insight High Grade ABS Fund	75	ESG issues	<p><b>European Data Warehouse (EDW)</b></p> <ul style="list-style-type: none"> <li>Engagement topic: Improving data availability and comparability across the market to enhance ESG analysis and reporting.</li> <li>Outcome: EDW have produced reports that may help in assessing EPC scores and ESG ratings across regions. They plan to follow up with their research team to enhance these reports, aligning them with industry requirements. Insight will review and establish appropriate future engagement needs.</li> </ul> <p><b>Pepper</b></p> <ul style="list-style-type: none"> <li>Engagement topic: ESG had previously not formed part of their loan origination and underwriting process so Insight engaged with Pepper to raise this as an area of concern.</li> <li>Outcome: Pepper agreed that their disclosures should improve, with plans to incorporate more ESG metrics in their annual reports. Regarding loan origination practices, Pepper are reviewing them but they do not have immediate plans for policy changes. Outcome is positive in terms of disclosures but loan-level disclosures and loan practices need continued engagement.</li> </ul> <p><b>Mercedes Benz</b></p> <ul style="list-style-type: none"> <li>Engagement topic: Understanding Mercedes Benz's ESG approach and</li> </ul>

# The College of Law Pension and Assurance Scheme

## Appendix 1 Implementation Statement (continued)

---

			<p>addressing Insight's additional reporting requirements.</p> <ul style="list-style-type: none"><li>• Outcome: Mercedes Benz will work together with Insight to complete Insight's proprietary ESG questionnaire, with the goal of obtaining a quantitative ESG score that offers more rigor than the industry AFME standard template.</li></ul>
--	--	--	---

### **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.