# ANNUAL GENERAL MEETING

Minute (draft) of the Annual General Meeting of the Law Society of Scotland held at the Society’s Offices at Atria One, 144 Morrison Street, Edinburgh on Thursday 30 May 2019 at 5.30pm.

Present: Alison Atack (President), John Mulholland (Vice President), Graham Matthews (Past President), Derek Allan, George Allen, Colin Anderson, Michael Blair, Johnson Clark, Joyce Cullen, Ken Dalling, Jane Dickers, Struan Ferguson, Christopher Fraser (Lay Council Member), Austin Lafferty, Fiona Larg (Lay Council Member), Anne Macdonald, Liam McCabe (Lay Council Member), Graeme McWilliams, Elaine Motion, Peter Nicolson, Donald Reid, Sheekha Saha, Brenda Scott, Jim Stephenson, Andrew Stevenson, Serena Sutherland, Julian Voge, Graham Watson (Lay Council Member) Sheila Webster, Deborah Wilson-McCuish, Philip Yelland and Hugh Younger.

In attendance: Lorna Jack (Chief Executive), David Cullen (Registrar), Kerry Anderson (BDO – Auditors), Craig Cathcart (Convener of the Regulatory Committee) and from time to time other members of the Society’s Executive.

Apologies for absence were intimated from: Murray Etherington, Francis Gill and Eilidh Wiseman.

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|  | WELCOME The President welcomed everyone to the 70th Annual General Meeting of the Law Society of Scotland. |
|  | PROCEDURAL ARRANGEMENTSThe Registrar ran through the procedural arrangements for this Annual General Meeting. The Notice for the meeting had been sent out earlier this month. |
|  | PRESENTATION OF HONORARY MEMBERSHIP OF THE LAW SOCIETY OF SCOTLAND TO DAME ELISH ANGIOLINI DBE PC QC FRSA FRSEThe President said that it was a great pleasure for her, to commence this meeting with the presentation of Honorary Membership of the Law Society of Scotland Dame Eilish Angiolini DBE.Honorary Membership of the Society is not lightly given. In the Society’s 70-year history the Council has only awarded Honorary Membership to 16 persons. Only two women have received Honorary Membership – Winifred Ewing in 2003 and the pioneering Ethel Houston in 2009. Ms Houston was the first female solicitor to be made partner in a Scottish firm. To that distinguished list will now be added Dame Elish Angiolini DBE.Eilish was first enrolled as a Scottish solicitor on 25 November 1985. She had studied law at the University of Strathclyde, graduating in 1982. Immediately after graduation she joined the Crown Office and Procurator Fiscal Service where she undertook her career. She spent eight years as a Depute Procurator Fiscal in Airdrie prosecuting in Airdrie Sheriff Court.In 1992 she moved to the Crown Office to work as part of the Lord Advocate’s Secretariat, where she developed her long-standing interest in improving support for vulnerable victims and witnesses – in particular for children.She was appointed Senior Depute Procurator Fiscal at Glasgow, taking on operational responsibility for the running of Sheriff and Jury Trials, before being appointed Assistant Procurator Fiscal at Glasgow in 1995.In 1997 she was appointed Head of Policy in the Crown Office, with responsibility for the development of policy across all functions of the department. In particular, she helped the department to prepare for devolution and was involved in the preparation of the Scotland Act 1998. At the same time, she was responsible for the department’s preparations for the introduction of the European Convention on Human Rights.She was appointed as Regional Procurator Fiscal for Grampian and the Highlands & Islands in July 2000 based in Aberdeen. She was the first woman to hold such a post.She was installed as the first non-political Solicitor General for Scotland on 5 December 2001. Again, she was the first woman to hold this High Office. She was also the first Procurator Fiscal and the first solicitor to hold this post. She was installed as Lord Advocate on 12 October 2006. She remained Lord Advocate on the change in the administration at the Scottish Parliamentary Election in 2007, again the first to do so.While in Office she took forward the widest ranging programme of modernisation in the department’s history.During her appointment she took on particular responsibility for the approach to cases involving Society’s most vulnerable victims. She was also responsible for the national roll out of victim information and advice service, following her piloting of that innovative initiative when she was Regional Procurator Fiscal in Aberdeen. She also ensured that prosecutors provided skilled and enthusiastic support to Youth Courts, the Domestic Violence Court in Glasgow and the Drugs Court.She personally chaired the department’s Strategy Group on Diversity and helped victims from minority communities achieve greater confidence in the prosecution service. Her leadership in the area of domestic violence was recognised by the charity zero tolerance, when she was given their inaugural “women in the public eye” award. This is one of several awards and distinctions which Eilish has received during her career.The review of the investigation and prosecution of rape and sexual crimes which she instigated was a major undertaking which resulted in profound and successful changes to prosecution practices – including the establishment of the Specialist National Sexual Crimes Unit which was the first of its kind in Europe. She also set up a highly successful Health & Safety Division and a National Debt Inquiry Unit.Since leaving public service in the Crown Office, Eilish has continued her distinguished career. She chaired the Commission on woman offenders which reported earlier this year. She is now a visiting Professor of Law of Strathclyde University and Principal of St Hughes’ College at the University of Oxford.Eilish epitomises all very best characteristics of a Scottish Solicitor. These attributes include – compassion, humanity, a faithfulness to the welfare of the public and above all else, an unquestionable ethos of dedicated public service.The President said that she could think of no more deserving and worthy recipient of Honorary Membership of the Law Society of Scotland.The President formally presented Dame Eilish Angiolini DBE with Honorary Membership of the Law Society of Scotland on behalf of the Council and the profession. This award was warmly welcomed by everyone at the meeting.Eilish in reply thanked everyone at the Society for the kindness and support over her career. She said it was a huge honour to be awarded Honorary Membership of the Society in its 70th year. She recalled the immense support she had received from the Society when she became Solicitor General and then Lord Advocate. She thanked the Council for granting her Honorary Membership. |
|  | APPROVAL OF THE MINUTE OF THE ANNUAL GENERAL MEETING HELD ON 31 MAY 2018There were no changes proposed to the draft Minute of the Annual General Meeting held on 31 May 2018. Mr Matthews moved the approval of this Minute which was seconded by Ms Webster. The meeting duly approved the Minute of the Annual General Meeting held on 31 May 2018. |
|  | THE PRESIDENT’S ADDRESSThe President said that it was a tremendous honour to be chairing this meeting in the Society’s Platinum Anniversary year. She said it had been an extra privilege to be the fourth female President during this year which also marks 100 years of women in law. The Society has marked the anniversary of the passing of the Sex Disqualification (Removal) Act 1999, which paved the way for women to build a career as a solicitor. To mark these first 100 years, the Society took part in a UK wide photography project which saw over 230 women working in the law come to the Society’s Offices to have their photograph taken. There was a great celebratory atmosphere in the office that day.On the same theme, the President said that meeting the Society’s longest serving member, Mrs Anne Meikle, who became a solicitor in 1949 and who was still on the Roll was a true honour. Mrs Meikle is a remarkable woman and still very spritely well into her 90s. The Presidency comes with much travelling not just in Scotland but Internationally too. The President said that earlier this month she had embarked on the then “President’s Tour” visiting members across the Country from Shetland to Stranraer, listening to their concerns, thoughts and ideas, and discussing with them important issues such as the Roberton Review of the regulation of the Legal Services in Scotland, Legal Aid and Lawscot Wellbeing.On the International stage, the President said that she had recently returned from the International Bar Association Conference in Budapest and the Commonwealth Law Association Conference in Zimbabwe. The President also had the opportunity to attend the American Bar Association Conference in Chicago, the EU Bar Leader’s Conference in Vienna and last year’s IBA in Rome.The President said that the principal benefit of such travel is always the opportunity to meet people and understand different points of view.Of course, dominating the Presidency has been the Roberton Review, and throughout her travels, its been enlightening, and a comfort, to speak with colleagues from across the globe, all of whom have shown great support and understanding of the Society’s position. Whilst the Society agrees with many of the proposals in the Roberton Review (indeed many of which the Society propose, the overarching recommendation to create a new single independent regulator is something which the Society remains firmly against). The President said that she was very proud of the work of her colleagues at the Society carried out on this review throughout this very difficult time. The Society has spent many hours analysing all the responses from members and others to the review. The Society’s engage with other organisations where appropriate on the review. The review has been discussed at length with the Council, the Regulatory Committee and the wider membership.The President mentioned Martyn Evans’s Legal Aid Review which had reported this year. At the end of April there was a 3% rise in Legal Aid fees, the first rise in a decade – although on the same period there had been a 20% cut in fees in real terms and over the last five years 20% fewer solicitors are registered to provide Criminal Legal Aid.The Society undertook its profile of the profession survey in 2018. This is an independently commissioned piece of research the biggest of its kind in Scotland, which examined equality and diversity issues within the legal profession. With almost 3,000 responses, the results showed an improvement in gender equality and a reduction in the gender pay gap within the profession over the last five years. For the first time, the survey included questions about bullying and harassment – figures which are not so good. There is still much to do however, and we have published our 28th step action plan for making progress in addressing equality and diversity within the profession over the next few years.The president said that she was very proud that the Society’s Lawscot Wellbeing initiative goes from strength to strength. The Society continues to supply all members with support and guidance around Mental Health and how they can manage their wellbeing. The Society’s working along with NHS Scotland, Lawcare, SEME and other Mental Health Charities.At a general level enormous strides have been made to eliminate the stigma around Mental Health issues and as a profession we need to follow in these footsteps.The Society is also encouraging all those working in Scotland’s Legal Sector to take part in our Mental Health survey that we are running in collaboration with SEME. It is a first survey of its kind to be carried out on a sector-y basis in Scotland.The Lawscot Foundation Charity is now in its second year of operation. The Charity is supporting 17 young people from disadvantage background with their legal education. The Society is about to embark on selecting the next cohort.The President said that she will look back on the past 12 months as some of the most challenging and fulfilling of her professional career. The President thanked the Society’s Chief Executive (Lorna Jack) for her invaluable guidance. The President said it had been a joy to work with Lorna over the course of the last 12 months. The President also thanked the Past President Graham Matthews for his support over the course of last 12 months. The President also thanked John Mulholland as Vice President for his support over the last 12 months. The President wished John and the new Vice President Amanda Miller every success over the course of the next 12 months. The President said that she had been incredibly proud to lead and support the noble profession of law over the course of the last 12 months. The President thanked everyone who had supported her over the course of last 12 months in allowing her to complete here legal career in such an astonishing way. |
|  | ADOPTION OF THE REPORT FROM THE TREASURERThe meeting adopted the Report from Mr Watson, Treasurer with respect to the Society’s Annual Accounts from 1 November 2017 to 31 October 2018.The Accounts showed the Society had made an operating loss of £312,000 for the year out of a turnover of £10.9m. The biggest fluctuation between 2018 and 2017 was the performance of the Society’s Investment Portfolio. The impact of Brexit concerns had led to unrealised losses being recorded at the year-end valuation date. The Council is aware of the need to avoid any ongoing structural deficit. The inflationary increase in the Practising Certificate subscription which took place for 2018/2019 is aimed at restoring the Society to at least a break-even position in the current year.The presentation of the Society’s financial statements has changed this year in order to comply with financial reporting standard 102. For the first time the figures of the Society and its subsidiary, Law Society of Scotland (Services) Limited, have been consolidated with those of the Scottish Solicitors’ Guarantee Fund and presented as group financial statements. It should be noted that, as required by statute, all income received by the Guarantee Fund is legally ringfenced to meet only future claims and is therefore not available under any circumstances for the Society’s use. Similarly, the reserves of the Guarantee Fund are also ringfenced and designated for the fund’s use only.The Auditors have completed their work and have concluded that these financial statements give a true and fair view of the state of the Society’s affairs as at 31 October 2018 and of the deficit for the year then ended.There were no questions on this Report. |
|  | THE GUARANTEE FUND REPORTThe meeting noted the Report from the Guarantee Fund (which operates as the Client Protection Fund) which reported a surplus for the year to 31 October 2018 of £252,000 (2016/2017 - £114,000).Fund income has been similar to the previous except for a variation in income received from Judicial Factories. A fall in claims expenditure from £488,000 in 2016/2017 to £180,000 in 2017/2018 is the only notable change in expenditure. This decline in claim expenditure reflects the relatively low level of claims arising from recent Judicial Factories and the continuing decline in open claims related to older Judicial Factories. New claim volumes and values have been modest throughout the year to date.Reserves have risen from £5.72m to £5.98m as a result of the surplus. This continues to be a strong financial position for the fund. The total value of all claims intimated but not yet resolved at the year end totalled £2.1m compared to £3.98m at the previous year end. On 1 November 2018 this total fell again to £1.72m following the rejection of one large claim. Reserves are therefore considered to be at a sufficient level.There were no questions on this Report. |
|  | REPORT FROM THE AUDIT COMMITTEEThe meeting noted the Report from the Audit Committee. The work of the Committee is to review and report on the effectiveness of the Society’s appointments for Audit, Internal Control and Risk Management. The Committee oversees the appointment of and monitors the work carried out by the Society’s Internal and External Auditors. Informed by its consideration of the work of the Auditors, the Committee comments and makes recommendations on the appropriateness, practical application and effectiveness of the Society’s financial policies and procedures, the management controls and its arrangements to identify and mange risks.The Committee reviews progress by the Society against its corporate plan objectives at each meeting together with a detailed analysis of the Society’s main risk register.The Committee also commissions and oversees the delivery of an agreed programme of work from its appointed Internal Auditors. The Committee also follows up to ensure that all recommendations contained in Internal Audit Reports are implemented appropriately and within a reasonable timeframe. The Committee will from time to time carry out reviews into or a report on adhoc matters as it thinks fit.The Committee met on five occasions this year. The work of the Committee should be seen within the context of the Society’s overall approach to good governance as the Committee plays a key role in holding the Society’s Office Bearers, Council and Senior Leadership Team to account for the management of risk and the effective operation of all risk management systems.A Key governance project for the Committee this year was to conduct the tender for the External Auditors. Henderson Logie having been in place as External Auditors for 10 years. A period of 10 years is considered the optimum length of appointment. The result of the tender was that BDO was appointed for an initial five-year period as the new External Auditors. Disappointment was made by the Society’s members at the Annual General Meeting on 31 May 2018.The Committee received five Reports from the Internal Auditors Wylie & Bisset. This external firm of Accountants completed their fourth year of operation as the Society’s Internal Auditors. The Reports were in the areas of Anti-Money Laundering regime, complaints against the Society, general Data Protection Regulations, Information Technology Systems and Procurement processes. The Committee was satisfied with the overall conclusion of the Internal Auditors which was that the Society does have adequate and effective risk management controls and governance processes in place to help achieve and support the Society’s long-term objectives.There were no questions on this Report. |
|  | REPORT FROM THE IN-HOUSE LAWYER’S COMMITTEEThe meeting noted the Report from the In-House Lawyer’s Committee (ILC). This Committee was set up in 2015 to represent, support and promote the interests of Law Society’s members working In-House in Scotland and beyond. The Committee continues the work of In-House Lawyers Group Committee, which was established in 1973 and was independent from but financially supported by the Society.The principle activities undertaken by the Committee this year have included the recruitment of further new Committee members, the provision of accessible and relevant CPD, the annual In-House Conference and the annual In-House rising star award. The Committee works with the Society’s CPD Team to provide a range of training. This training includes the full day In-House Best Practice Course, which was designed as an equivalent to the Practice Management Course. This ran for the fourth time in April 2019 with very good attendance and feedback.The Committee also continues to run a limited number of free seminars in Edinburgh and, where possible by video conference to various locations across Scotland or on an individual’s computer. The Committee also welcomed the return of the Faculty’s 21st Century Bar Conference in December 2018.The annual In-House Conference is scheduled for 13 June 2018 and will return to Edinburgh. This conference is supported again by DLA Piper, CMS and Pinsent Masons as sponsors.The Society’s In-House Rising Star Award will be presented at the close of the Annual Conference. This Annual Award is now in its 7th year.The Committee continues to promote In-House Traineeships. Whilst almost 30% of the profession works across a range of organisations, only 12% of traineeships are In-House. The Committee has supported the Society’s research into this area.The Committee also ran three roundtable discussions, themed around innovation, the position of sole-In-House Counsel and maintaining the position of trusted advisers.There were no questions in this Report. |
|  | SCOTTISH SOLICITORS’ BENEVOLENT FUNDThe meeting noted the Report from Scottish Solicitors’ Benevolent Fund.The Report is to the financial year ending 31 October 2018.The Fund is intended to assist solicitors qualified in Scotland, or their dependents, who are in need of financial assistance and whose circumstances meet the criteria set by the Trustees for the payment of grants. During the year 18 grants were made to 11 individuals from general funds. In addition four grants were made to four individuals from the Tod Endowment Restricted Fund.The Fund’s total incoming resources in the year were £20,383. Overall there was a net decrease in funds of £9,270 in the year due mainly to the fall in the value of investments. Total funds at 31 October 2018 stood at £314,683.The Trustees encouraged members not only to donate to the valuable work done by the Fund, but also to refer members and their dependents should they be in financial need.The Auditors have completed their work and concluded that the fund accounts give a true and fair view as at 31 October 2018.There were no questions on the Report. |
|  | THE APPROVAL OF THE ANNUAL REPORT AND ACCOUNTS OF THE SOCIETY, THE CLIENT PROTECTION FUND AND THE SCOTTISH SOLICITORS’ BENEVOLENT FUND FOR 2017/2018The Society’s Accounts to 31 October 2018 were proposed for approval by Mr Watson and seconded by Ms Webster. There were no questions on the accounts. The meeting approved the accounts of the Law Society of Scotland to 31 October 2018.The Accounts of the Guarantee Fund to 31 October 2018 were moved for approval by Mr Dalling and seconded by Ms Dickson. There were no questions on these Accounts. The meeting approved the Accounts of the Guarantee Fund to 31 October 2018.The Accounts of the Scottish Solicitors’ Benevolent Fund to 31 October 2018 were proposed for approval by Mr Sheridan and seconded by Mr Matthews. There were no questions on these Accounts. The meeting approved the Accounts of the Scottish Solicitors’ Benevolent Fund to 31 October 2018. |
|  | APPOINTMENT OF THE AUDITORS TO, THE GUARANTEE FUND AND THE SCOTTISH SOLICITORS’ BENEVOLENT FUND FOR THE YEAR 2018/2019The appointment of BDO as the Society’s Auditors from 1 November 2018 to 31 October 2019 was proposed by Mr Watson and seconded by Ms Webster. The meeting approved this appointment.The appointment of BDO as Auditors to the Guarantee Fund from 1 November 2018 to 31 October 2019 was proposed by Mr Dalling and seconded by Ms Dickers. The meeting approved this appointment.The appointment of BDO as the Auditors to the Scottish Solicitors’ Benevolent Fund from 1 November 2019 to 31 October 2020 was proposed by Mr Sheridan and seconded by Mr Matthews. The meeting approved this appointment. |
|  | CHIEF EXECUTIVE’S REPORTLorna Jack as the Society’s Chief Executive presented to the meeting her Annual Report.The Society is now into the fourth year of the current five-year strategy – leading legal excellence. The Society’s membership continues to grow. The number of core practising solicitor members has reached an all time high of £12,000.The Society continues to safeguard its member’s interests and aims to protect the future of the profession in difficult times whilst promoting the public interest for having a strong legal profession with robust standards and the high level of education and skills.Regulation is a fundamental part of the Society’s role and in the Society’s aim to assure – the Society continues this year its work to achieve legislative change to secure a modern, flexible and enabling legislative framework. The Roberton Review has now reported. The Society Council cannot and will not support the main recommendation from this review. However the Society does support many of the other recommendations within the Report.The Society has in the last year carried out 274 inspections of Scottish firms and brought in the new Anti-Money Laundering regime. The Society is the AML Supervisor for the profession. The Society is working with the new overarching supervisor – the office for Professional Body AML Supervisors to demonstrate the Society’s compliance with the new Anti-Money Laundering Regulations. The Society continues to work with the Scottish Legal Complaints Commission on short term fixes to the current complaints process.The Society in its role to serve strives to understand and meet our member’s needs providing tools and services which they can use every day.CPD Team welcome 2,500 members to 100 CPD and Training events.Members of engagement increased by over 10% through a series of tailored events across all member groups. The Professional Practice Team deal with over 8,000 telephone calls and 4,000 written enquiries.The Society aim to excel by operating as a world class organisation. Specific projects in this area over the last 12 months have included GDPR compliance as embedded within all of the Society. Other project work included the profile of the profession report. The work of Lawscot Foundation and the Society’s Staff Annual Charity which this year was Ovarian Cancer action.The Society continues to influence the creation of a fairer and more just society by being an international centre of excellence in thought leadership. Dominating this area was and still is Brexit. The Society responded to 158 consultations and 25 bills across Holyrood, Westminster and the European Commission. The international promotion of Scottish Legal Services with the launch of Scottish Legal International. This is a joint venture developed by several of Scotland’s top commercial firms in partnership with Scottish Development International and the Society.The Society’s fifth strategic goal is to grow. The Society achieved a record number of Scottish Practising Solicitors this year with currently just over 12,000 Practising Scottish Solicitors. The Society continues to develop other membership categories including the accredited paralegals and student associate.The Chief Executive concluded her speech by thanking her colleagues, the Board, Council, Committee members and all employees for their hard work throughout the last 12 months.There was one question on the Chief Executive’s Report from Mr Reid. Mr Reid asked what was meant by “thought leadership”. The Chief Executive said that leadership means the Society trying to influence change for example through responses to consultations from Government. |
|  | THE ROBERTON REVIEWA detailed presentation on the Report of the independent review of Legal Services Regulation Scotland was given to the meeting by Kevin Lang, Executive Director of External Relations and Philip Yelland, Executive Director of Regulation.Following the presentation there was a question and answer session.Mr Reid raised the question of accountability. It was noted that the Regulatory Committee is not accountable to this meeting. It was suggested by Mr Reid that the current regulatory structure with an independent Regulatory Committee was not very far removed from the principle proposal within the Roberton Review. Mr Yelland said that the Regulatory Committee is still a Committee of the Council. The Regulatory Committee reports to the Council but it is independent of the Council.Ms Cullen asked if there had been any progress on who would have oversight of an independent regulator was established. Was there any suggestion that the Lord President’s Office would have oversight of the proposed independent regulator? The meeting noted that the Roberton Report made no mention of the current role of the Lord President’s Office in the system of legal regulation.Mr Blair said that if the new independent regulator was to be a creature of the state then there would be lessons to be learned from the Levenson Inquiry.The meeting thanked Messrs Lang and Yelland for their presentation. |
|  | PRACTICE RULE AMENDMENTS – FOR DISCUSSIONThe meeting noted that there were two sets of draft Practice Rules for discussion. Copies of these draft Practice Rules were set out in the formal notice of this meeting.Mr Cathcart as the Convener of the Regulatory Committee gave a presentation to the meeting on the work of that Committee. Mr Cathcart also provided a summary of the reasons for the proposed new draft Practice Rules.Mr Cathcart said that the Regulatory Committee does wish to become more proactive than reactive. The Committee responds to the work of the current 11 Regulatory Subcommittees. The Committee has over the course of last 12 months received great support from the Board, Office Bearers, Senior Leadership Team and the Chief Executive.Mr Cathcart said that the Committee does its best and approaches its work in good faith to fulfil its statutory duty to achieve public confidence in the solicitor profession. Mr Cathcart said that the Committee recognised that Scottish Solicitors are heavily regulated which reflects the public place in the solicitor profession.Mr Cathcart then summarised the draft Practice Rules which would change the current Practice Rules in three areas – Client Relations, Incidental Financial Business and Accounts Rules. The change in the Client Relations area is to require firms to maintain a central record of each complaint with certain data held for each complaint. It will be the Society and not the SLCC which will seek this firm to hold this information. The change in the Incidental Financial Business Rules is a minor change required by the Financial Conduct Authority. The change in the area of the Accounts Rules will ensure that client accounts can only be used for an underlying transaction or to a service arising in a normal course of the solicitor client relationship. It is anticipated that guidance will be produced in relation to this change in the Accounts Rules.Mr Cathcart recognised that the change in the Accounts Rules and a change in Rules for client relations will increase the Regulatory burden on solicitors. For this reason, the Regulatory Committee is considering introducing a “regulatory impact assessment” for any proposed new Rule.There was then a wide-ranging question and answer session on the draft Practice Rules. The principle questions raised by members at the meeting were –* Mr Clark requested detailed guidance on the new Accounts Rules particularly in relation to Guardianships or Powers of Attorney. It was also suggested that the definition of work conducted by the Scottish Solicitor should that be the definition given under the Master Policy.
* Mr Younger said that many traditional law firms have reservations about the change in Accounts Rule. This is because such firms carry out a wide range of services in the course of their business which are wider than the normal course of the solicitor client relationship.
* Mr Dalling as Convener of the Guarantee Fund Committee said that the rationale behind the change in the Accounts Rules was because of concerns on the use of client accounts but again in the light of the new AML Regulation.
* Mr Sheridan said that the consultation paper issued on the change to the Accounts Rules was only issued last month and there was a very tight period for comment. Mr Sheridan also said that the proposed new Rule may strike out legitimate activities undertaken by Scottish Solicitors for their client. Mr Sheridan was also concerned that the Rule does not define what a Scottish Solicitor may or may not do in relation to withdrawals from the client account. The meeting noted that the idea behind change in Accounts Rules was to prevent illegitimate activities being deducted through the client account.
* Mr Reid questioned why the Society’s Rules and in particular the Clients Accounts Rules never get any shorter. Mr Reid suggested that if a new Rule was being introduced another Rule should be deleted. Mr Reid also suggested that the volume of regulation imposed on Scottish Solicitors in private practice was discouraging recently qualified solicitors to seek partnership within their firm. Mr Reid also expressed concerns on the proposed new Client Relations Rule which would require practices to keep even more data which was of limited value. Mr Reid suggested that this proposed Rule should be shelved until a new complaints system was in place following the Roberton Review.
* Mr Blair also questioned the volume of regulation on private practice firms. He said that there were too many reports to be written on regulatory matters to the Society. The volume of time and the information which is requested may now be too onerous and disproportionate. He suggested that the Society should step back and look at the amount of information it requires as otherwise there is a risk of individuals incorrectly completing the various regulatory forms required by the Society.
* Mr Lafferty suggested that with respect to the Client Relations Rule change that there should be a template produced of the data which is required to be held in respect of all complaints.
* Mr Matthews also queried the purpose of the collection of all the data on complaints. There would have to be increased staff at the Society to review and monitor all this complaints data. Mr Matthews suggested that this was a step too far particularly for small firms who spend too much time in unremunerative work completing regulatory returns. The meeting noted that there were suggestions that this complaints data could be sought during the Society’s Financial Compliance visits. It was also the intention of the Society to only use a random sample of complaints data for monitoring purposes. One of the aims of the collection of this data is to allow the Society to proactively offer training in areas of high-volume complaints.

Mr Cathcart said that the Regulatory Committee would take into account comments raised at this meeting before any of the three proposed Practice Rule changes came into force.There was no further business to be conducted at this meeting. The President thanked everyone for attending the meeting which concluded at 7.30pm. |