**Report of the Convener of the Client Protection Fund for the Law Society of Scotland**

**Annual General Meeting – 2020**

The Scottish Solicitors Guarantee Fund (SSGF), which operates as the Client Protection Fund, reports a surplus for the year 2018/19 of £867,000 (2017/2018 £252,000).

Client Protection Fund Income from solicitor firms remained steady at £630,000 (2017/18: £639,000) due to the decision not to change the subscription rate. New claims volume and values have been modest throughout the year. A total of 16 payments to compensate applicants were approved by the Client Protection Sub-Committee (CPSC) in the year, amounting to £206,000. This was a decrease from the 27 claims approved in 2018 but an increase on the total value of sums paid in the previous year of £180,000. After 31 October 2019 the CPSC approved further payments for claims to the sum of £24,291.

Reserves increased to £6,843,000 at 31 October 2019 from the previous level of £5,976,000 as a result of recoveries of grants paid by judicial factors and unrealised gains on the investments held as well as savings resulting from the decision not to renew the Stop Loss insurance policy. There was a significant improvement in the performance of the investment portfolio. The gain reported on long term investments held by the Fund was £325,000 (9.5%). In 2018 the equivalent figure was a loss of £109,000. Reserves held by the SSGF whilst consolidated with the LSS accounts for technical reasons are legally designated solely for the purposes of the fund and are not available to the Society. The total of all claims intimated but not resolved at the year-end totalled £1.697 million (2018: £2.12 million). Reserves are therefore considered to be at a sufficient level.

After the year-end a global pandemic, caused by the Covid-19 virus, struck the world. The potential future impact on the Fund has been assessed. There is an increased risk due to the Covid-19 outbreak that the SSGF could be depleted by an increased volume and value of claims as well as by losses on long-term investments. These risks are mitigated by close monitoring of the claims pipeline and the maintaining of a healthy balance sheet including significant reserves. The CPSC continues to believe that it is essential that a level of reserves in excess of £5m is maintained given the unpredictability of the claims environment. This target continues to be met.