# Report of the Client Protection sub-committee (CPSC) on the Scottish Solicitors' Guarantee Fund (trading as the Client Protection Fund)

The Fund reports a deficit for the 2022/2023 financial year of £64,000 (2021/2022: £647,000).

No subscription income was collected in the 2023 financial year following the decision of Council to set the subscription level at zero. This followed a recommendation from the CPSC after their consideration of the overall operating environment for the Guarantee Fund. Other income in 2023 consisted of investment income of £200,000 (2021/2022: £159,000 ) and the recovery of previous Guarantee Fund grants of £190,000 (2021/2022: £4,000).

Four grants to compensate applicants were approved by the CPSC in the year amounting to £22,000. This was an increase from 2022 when a single claim of £16,800 was approved.

After taking additions and disposals into account, the investment portfolio decreased in value in the year by £71, 000, 1.3%% (2022: £750,000 reduction, 12.2%). This decrease reflected the general financial market position during the year.

Reserves decreased to £7,129,000 at 31 October 2023 from the previous level of £7,193,000. This decrease reflects the reduction in value of the investment portfolio noted above. The lack of subscriptions collected in the year has not had an impact on reserves due to the low value of claim approvals.

The CPSC has continued to monitor the key risks impacting on the Guarantee Fund's operating environment, including investment policies. During 2023 there has been no material change in the position reviewed other than the change in investments valuation noted above. Council are satisfied that it is appropriate that the accounts are prepared on the going concern basis.

No subscriptions were collected in 2023/2024 and CPSC has recommended to Council that no subscriptions will be collected in 2024/2025. Subscriptions were last collected in 2019/2020. Subscriptions were initially not collected in response to the COVID-19 outbreak, but this approach has been continued more recently because of the financial strength of the Client Protection Fund and after annual consideration of the claims outlook. While not collecting potential revenue increases the possibility that the fund's reserves will be reduced during that year, the extent of any reduction in reserves will depend on the extent to which the current low level of claims activity continues and on the ongoing performance of the fund's investments. The CPSC will continue to monitor these indicators during the year.