

# Report of the Convener of the Client Protection Sub-Committee (CPSC) on the Scottish Solicitors' Guarantee Fund (trading as the Client Protection Fund) for the year ending 31 October 2025

Annual General Meeting – 18 June 2026

## Outturn for year

The Guarantee Fund reports a surplus for 2024/2025 of £224,000 (2023/2024: £726,000).

## Income

No Guarantee Fund subscription income was collected in 2024/2025 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 2024/2025 consisted of investment income of £209,000 (2023/2024: £221,000). No dividend recoveries from previous Guarantee Fund grants were received in 2024/2025, (2023/2024: £183,000).

## Expenditure

Grant expenditure in 2024/2025 was £6,000 (2023/2024 - £70,000). Other items of expenditure were consistent with the previous year.

## Investments

After taking additions and disposals into account, the investment portfolio increased in value in the year to £6,096,000 (2023/2024: £6,070,000). This movement also reflects investment gains of £386,000 for 2024/25 (2023/24 £628,000).

## Reserves

Reserves (cash & investments) increased to £8,079,000 from the previous level of £7,855,000.

## Risk Management

The CPSC has continued to monitor the key risks impacting on the Guarantee Fund's operating environment. During 2025 there was no material change in the position reviewed. Council is satisfied that it is appropriate that the accounts for the Guarantee Fund are prepared on the going concern basis.

## Looking ahead

CPSC has recommended to Council that a Guarantee Fund subscription of £50 should be collected in 2026/2027. Subscriptions were last collected in 2019/2020. Subscriptions were initially not collected in response to the COVID-19 outbreak, but this approach was then continued for several years because of the financial strength of the Guarantee Fund and after annual consideration of the claims outlook. Going forward, the CPSC now wish to ensure that at a minimum, annual subscriptions are sufficient to cover foreseeable annual charges to the Guarantee Fund such as overheads and audit fees, so avoiding depletion of the Fund due to these costs.

CPSC has also decided to change its policy regarding the level of reserves to be held. The previous policy was that no Guarantee Fund subscription would be levied unless the value of the Guarantee Fund had fallen to or was projected to fall below £5m. This value has been changed to £10m, subject to approval of Council, reflecting accumulated inflation since the previous policy was set in 2014. The decision to charge a Guarantee Fund subscription for 2026/2027 will also enable a contribution towards the achievement of the fund valuation target of £10m which is anticipated to be achieved over the course of the next few years.

CPSC will continue to monitor and assess the claims environment affecting the Guarantee Fund and to work with its investment managers to monitor the position regarding global markets.

Jamie Reekie

Convener

June 2026