



Solicitors
Regulation
Authority

SRA Summary of Performance Measures and Statistics

February 2007

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Headline Statistics

- Of 26 orders made by the SDT in February, 9 were orders to strike off and 5 were suspensions. In addition, the Tribunal imposed 13 fines totalling £71,000.
- The average age of Tribunal matters issued was within the 6 month target for the first time since August 2006. Without three exceptional cases the average age from issue to hearing would have been 7 months.
- The number of decisions made by the SDT increased by 16% from 2006 to 2007.
- 30 matters closed in February resulted in referral to the SDT. As a consequence of improvements in data recording introduced in December this information can be determined for individual cases, rather than being extracted from the decision data where multiple decisions can be misleading. Trend data will be collated to inform future reporting.
- £3.5 million has been paid so far this year on 9 Statutory Trust accounts, making the total paid in the 12 months to February 2007 £12.6 million, compared to £1.2 million paid in total in the previous 12 months.
- Outstanding Liability against the Compensation Fund is currently £21.1 million. This has been declining steadily since a peak in August 2006 of £30.8 million.
- There has been a year on year increase in the percentage of Forensic Investigations resulting in reports. In the year to February 2007 adverse reports were issued in 58% of cases, compared to 53% in the year to February 2006.
- Of firms visited by PSU in the past 12 months, significant weaknesses and/or breaches of the practice rules were identified in 32%. Despite a peak in December, when 41% of firms visited showed cause for concern, the overall trend over the year is downward, from a starting point of 36%. In contrast there has been a slight upward trend in the number of referrals by PSU to other areas of the SRA with an average of 5.7% of firms being referred in the last 12 months.
- The Ethics Guidance Service answered 4621 calls in February, 34% of which were answered within the standard of 30 seconds. There were 578 (11%) abandoned. Trend data will be collated to inform future reporting.
- Data on Registration will be included from next month.
- Of the 7 firms visited by the Training Contracts Team, breaches of the training requirements were identified in 5 of them, and recommendations made for rectification of those breaches. Trend data will be collated to inform future reporting.

Solicitors Disciplinary Tribunal decisions

The **Solicitors Disciplinary Tribunal** (SDT) is the independent Tribunal that adjudicates upon alleged breaches of the rules of professional conduct for solicitors. The SDT has the power to strike off a solicitor from the Roll, suspend a solicitor from practising and apply fines and reprimands.

Orders made by the SDT are recorded when they come into effect, which in most cases is immediately but in a few cases there is a time lapse before the order comes into effect.

It should be noted that cases to the SDT are often a combination of matters, frequently originating in different Units, brought together into one application to the Tribunal by the Intervention & Disciplinary Unit (IDU).

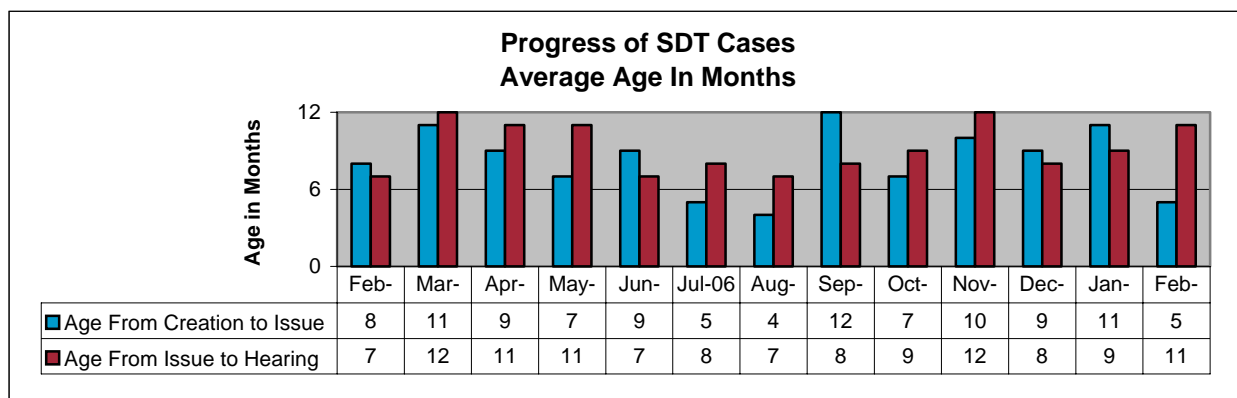
	12 Months to			
	Feb-06	Feb-07	Variance	Monthly Average '06
Fined	73	81	+11%	7
Struck Off	65	73	+12%	6
Suspended	38	38	+0%	3
No Order	5	11	+120%	1
Other	46	61	+33%	5
TOTAL	227	264	+16%	22

Year on year there has been an increase of 16% in the total number of decisions made by the SDT. This is due in part to an increase in the number of matters heard during the year. Whilst there has not been any significant increase in the number of referrals, the SDT has taken on additional resources during the year to February 2007 to facilitate additional hearing days.

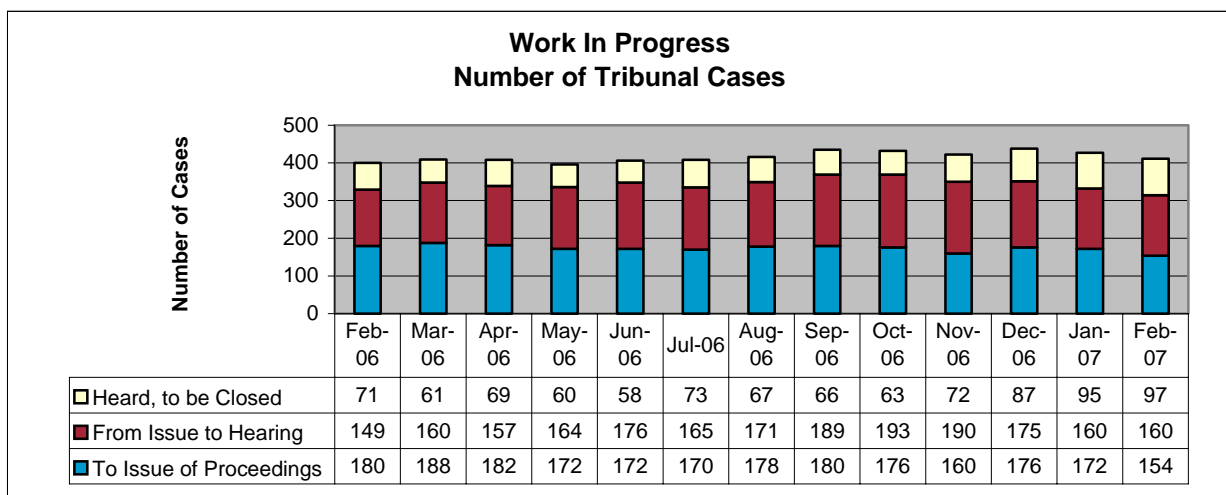
Prosecutions and Interventions

The **Intervention & Disciplinary Unit (IDU)** undertakes a number of important regulatory functions. These include conducting interventions into solicitors' practices, the prosecution of solicitors before the Solicitors' Disciplinary Tribunal (SDT), the conduct of litigation in respect of the exercise of the Society's regulatory powers, recovery of client papers under paragraph 3 of Schedule 1 or section 44B of the Solicitors Act 1974 and the recovery of costs associated with the activities above. FTE in IDU is currently 32.

SDT Cases	12 Months			
	To Feb-06	To Feb-07	Variance	Monthly Average
New Cases	288	280	-3%	23
Closed Cases	291	261	-10%	22



The average age from creation to issue of proceedings is within the 6 month target for the first time since August 2006. The average age from issue to hearing is impacted by one matter which has taken 37 months to reach a hearing and 2 matters which took 25 months each. Without these exceptional cases the average age from issue to hearing would have been 7 months. IDU's target is to issue proceedings within 6 months of creation of the matter. The SDT aims to hear matters within 6 months of proceedings being issued by the Law Society.



The chart above refers specifically to Tribunal matters against solicitors (TRI matter types). There are also 21 section 43 applications in progress with IDU. Section 43 orders are used to prevent a solicitor from employing a person subject to the order without first obtaining the written permission of the office.

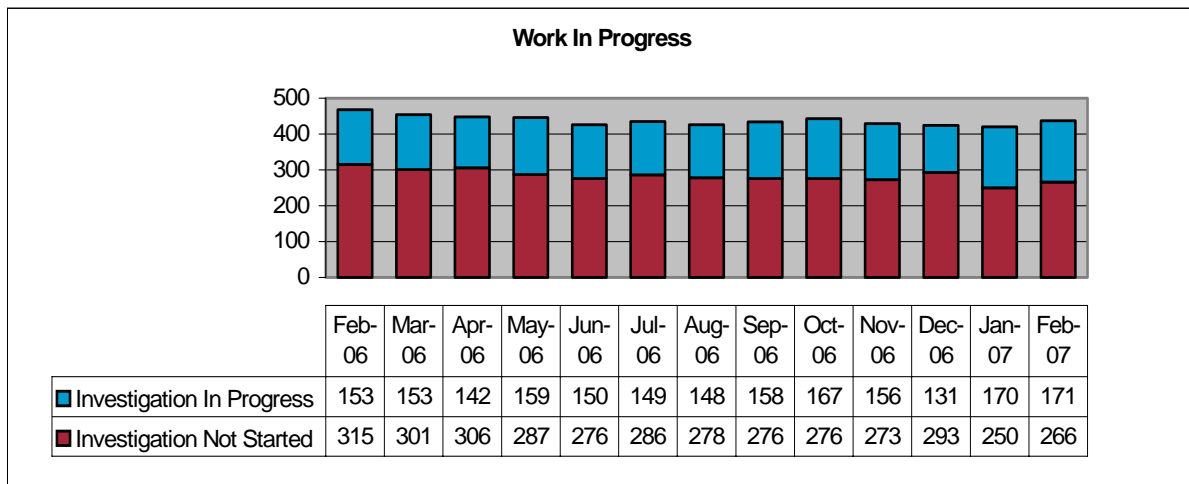
2 interventions were effected in February, neither of which involved suspicion of dishonesty. One intervention was effected within the target of 5 days. The other was slightly delayed as it was necessary to contact the representative of the deceased solicitor's estate and he was on holiday.

Forensic Investigations: Outcomes

Forensic Investigations (FI) carries out targeted investigations of firms following the risk assessment of referrals from within Compliance, PSU and casework units. FI Investigators visit firms and adduce evidence of the misuse of client money, serious misconduct or malpractice, dishonesty, fraud, money laundering etc. FI currently have an FTE of 68 including 6.6 vacancies.

Outcomes	12 Months			Monthly Average
	To Feb-06	To Feb-07	Variance	
Adverse Reports	247	266	8%	22
Adverse Reports as a % of Closures	53%	58%	+8%	0
On-site Closures	216	194	-10%	16
On-site Closures as a % of all Closures	47%	42%	-10%	0
Rescinded/No Investigation Required	34	50	47%	4

	12 Months			Monthly Average
	To Feb-06	To Feb-07	Variance	
New Investigation Files Created	540	486	-10%	41
Closed or Rescinded	497	510	+3%	43



The number of Inspections authorised year on year has declined, partly reflecting a trend to more complex, as well as more targeted investigations. Considerable resource has been committed in respect of Miners cases, mortgage fraud and the threat posed by money laundering. The rising overall trend in the proportion of adverse reports continues, as a result of more targeted investigations.

On-Site certificates are issued to the firm where the identified breaches or conduct are not material or minor corrective action is required following an investigation. Adverse reports are prepared where there is evidence of serious breaches of the Rules, of professional obligations, misconduct or dishonesty which may require a regulatory sanction, disciplinary proceedings or intervention. The closed FI matter will then be transferred to other departments within Compliance responsible for enforcement actions.

Regulation Unit: Outcomes

The **Regulation Unit** imposes Practising Certificate controls, deals with applications for approvals by solicitors and unadmitted persons, investigates information about regulatory breaches and deals with FI reports. A minority of cases (c. 15%) are generated from information received from the public.

REGULATION MATTERS - DECISIONS	12 Months			
	To Feb-06	To Feb-07	Variance	Monthly Average To Feb-07
PC Conditions	1143	1788	+56%	149
Intervention	110	99	-10%	8
Referral for Disciplinary Proceedings	320	322	+1%	27
Vest Discretion	245	227	-7%	19
No Action	454	255	-44%	21
Other	1897	1869	-1%	156
TOTAL	4169	4560	+9%	380

The table above provides an analysis of the types of decision with most regulatory impact for all Regulation matters dealt with by ICT and Regulation units. It shows the number of individual decisions made and recorded during the reported period. It should be noted that, for example, 26 decisions to take disciplinary proceedings does not equate to 26 new cases to be submitted to the SDT. There can be several heads of complaint and a decision is recorded for each one. Likewise, there can be more than one subject solicitor and decisions are recorded for each individual. A matter having 3 separate heads of complaint involving 2 partners of a firm could therefore expect to have 6 decisions. Whether one or all of those decisions were referral for disciplinary proceedings, there would be only one file opened in IDU. The same applies to interventions where multiple decisions will only result in one intervention.

Although there has been a significant increase in decisions relating to PC conditions in the 12 months to February 2007, approximately one third of the additional applications were in respect of 2 large multi-partner firms. In an exceptional occurrence, 2 large firms failed to comply with the regulations in respect of delivery of accountants reports. Consequently The Law Society can exercise discretion in respect of the Practising Certificate of each partner within those firms, and a Regulatory decision was required for each one.

The table above shows the number of matters concluded in the month according to the type of work and the outcome.

CAI: Outcomes

The **Conduct Assessment and Investigation Unit (CAI)** deals initially with all third party (non-client) complaints of misconduct received by the SRA as well as referrals of conduct information from LCS. The table below reflects the transfer of all specialist redress work from CAI to LCS on 1st June 2006. The majority of CAI's workload consists of assessing and closing complaints where there is no issue or evidence of misconduct. CAI deal with a higher volume of excluded / low risk "reports" but refer to Adjudication the more serious, higher risk issues. For historical reasons, the unit operates under LSCC targets. There were 4 admin vacancies against a budget of 57 FTE's at the end of January (three caseworkers are also temporarily seconded to LCS).

Outcomes	12 Months			
	To Feb-06	To Feb-07	Variance	Monthly Average To Feb-07
Not Upheld	5579	4403	-21%	367
Excluded matters	1035	691	-33%	58
Required no regulatory action	4245	3621	-15%	302
Conciliated (service)	299	91	-70%	8
Upheld	609	578	-5%	48
Letter of Advice	116	168	+45%	14
Formal decision made	493	410	-17%	34
Referred to SDT	N/A	13	N/A	N/A
Other	12	6	-50%	1
TOTAL	6200	5000	-19%	417

In 2004, on the recommendation of the Independent Commissioner, the available outcome options were changed to better reflect the outcome of complaints. Matters created before that change could still be closed using the now obsolete outcome definitions. Those definitions cannot readily be classified as either upheld or not upheld. Such matters are therefore included in the above table as "other". In December 2006 the outcome codes were modified to include "Referred to SDT".

Compensation Fund: Throughput of applications

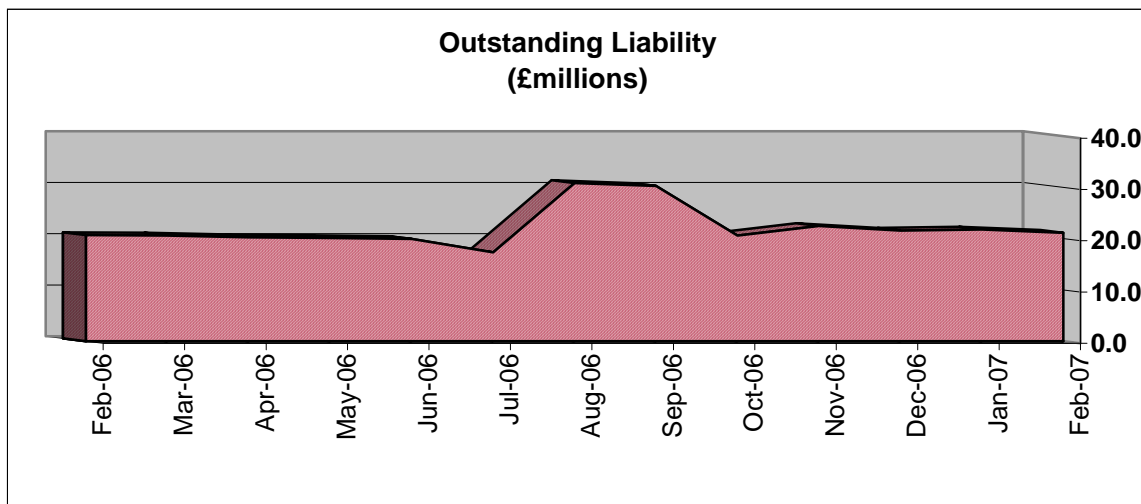
The **Compensation Fund** deals with and investigates applications for payments from the Fund from people who have suffered financial loss due to a solicitor's dishonesty or failure to account for monies received. The Unit can award funds to Applicants up to a delegated limit; an Adjudicator Decision is required for sums above this (see page 7). Budgeted FTE for the Unit is 33, with 4 vacancies.

Claims and payments

	Value of Claims Received in 2006 (in £ millions)	Total Paid in 2006 (in £ millions)	Total Paid on 2006 Claims (in £ millions)	Total Paid in 2006 on Pre-06 Claims (in £ millions)	2006 Payments as % of 2006 Claims	% Paid in 2006 on Pre-06 Claims
2006	£31.2	£9.8	£4.0	£5.7	13%	59%

	Value of Claims Received in 2007 (in £ millions)	Total Paid in 2007 (in £ millions)	Total Paid on 2007 Claims (in £ millions)	Total Paid in 2007 on Pre-07 Claims (in £ millions)	2007 Payments as % of 2007 Claims	% Paid in 2007 on Pre-07 Claims
2007	£1.1	£0.7	£0.2	£0.5	15%	76%

Outstanding Liability

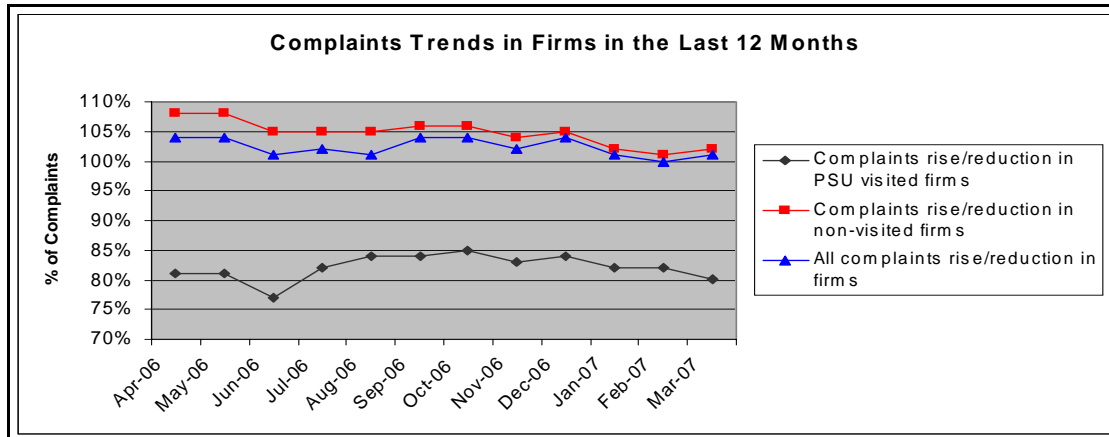


Over the past 12 months an average of 36% of all applications received have been in respect of Counsels' fees. A project to address these is on-going, enabling a reduction in the percentage of matters held in abeyance, which is now at 51% from a peak of 59% in September. Although there is no reduction in the overall work in progress, the work now being done on the Counsels fee matters should begin to impact on the overall caseload over the coming months.

Consumer claims continue to be prioritised. In the 12 months to February 2007, 56% of applications by private individuals have been completed within 6 months, and 76% within 12 months. This compares to the overall rate of 54% closed within 6 months and 73% within 12.

Practice Standards Unit: Visits

The **Practice Standards Unit (PSU)** aims to improve standards of practice in the profession through the promotion of client care and practice excellence. This is achieved through a programme of monitoring visits and an educational programme of client care seminars. Firms are profiled for monitoring visits by a risk assessment process based on information held within the Law Society's systems and intelligence from other units. The monitoring visits check compliance by firms with the practice rules and aim to raise standards by obtaining agreement and consensus from firms for improvement following these visits



The purpose of the graph above is to show the impact that PSU has on the firms visited complaints history and to analyse the extent to which firms have improved compared to non visited firms. Each month on the graph denotes when the analysis was completed and represents visits undertaken in the 18 months prior to the analysis month. Each point on the graph represents a comparison of complaints received in the 6 months prior to visits compared to the complaints received in an equivalent 6 month period after.

The graph shows that firms receiving a monitoring visit by PSU generate between 15% and 23% less complaints than prior to a visit. Firms that have not received a monitoring visit generate between 1% and 8% more complaints in the same analysis period.

Visit Outcome Grade	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07
A	4	8	4	7	7	4	10	7	6	11	2	4
B	49	69	60	54	63	61	54	53	66	50	15	52
C	26	31	30	21	13	22	26	30	29	26	9	15
D	4	7	6	8	3	2	6	4	7	3	3	2
Awaiting Grade	0	0	0	0	0	0	0	0	0	0	0	16
% Grade C or D	36%	33%	36%	32%	19%	27%	33%	36%	33%	32%	41%	19%

A = Evidence of satisfactory compliance with Practice Rules although some improvements may be necessary.

B = A number of minor weaknesses and/or breaches of Practice Rules identified for corrective action.

C = A number of significant weaknesses and/or breaches of Practice Rules identified for corrective action.

D = Significant weaknesses and/or breaches in Practice Rules and urgent remedial action is necessary.

Following visits to firms, a visit outcome grading for internal purposes only is made by the Practice Standards Advisers based on the findings and areas of weakness.

No. of Visited Firms in which Referrals Have Been Made to Other Units												
	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07
Formal Referrals	5	8	9	2	2	4	7	5	6	3	4	7
as % of Visited Firms	6%	7%	9%	2%	2%	4%	7%	5%	6%	3%	14%	8%
Intelligence Referrals	5	8	11	5	9	4	8	8	10	9	3	3
as % of Visited Firms	6%	7%	11%	6%	10%	4%	8%	9%	9%	10%	10%	3%

PSU visits are neither investigative nor disciplinary in nature. However, because the Unit is making site visits, it is well placed to judge whether firms should be formally referred for further disciplinary action where they are not responsive to PSU's supportive approach, or in cases of suspected dishonesty or serious regulatory breaches. PSU also refer intelligence on issues which may not require disciplinary action but of which Regulation Response need to be aware. The average percentage in the last 12 months of those firms being formally referred is 5.7%.

Appendix 1: Compliance Directorate: Financial, HR and E&D data

Monthly Financial Update					
	Budget For Year	Budget To Date	Actual To Date	Variance	% Variance
Total Staff Expenditure	15,552	2,592	2,449	143	5.51%
Total Non-Staff Expenditure	9,096	1,516	800	716	47.20%
Gross Expenditure	12,738	2,123	1,565	558	26.28%
INCOME	(200)	(33)	(89)	55	-166.26%
Net Expenditure	12,538	2,090	1,476	613	29.35%
Compliance Director's Office	1,993	332	191	141	42.43%
Regulation Board	684	114	61	53	46.48%
Intervention & Disciplinary Unit	8,546	1,424	955	469	32.92%
Regulation Casework	3,992	665	522	143	21.48%
Compensation Fund / STA / Adjudication	(2,676)	(446)	(254)	(192)	43.12%
Total Directorate	12,538	2,090	1,476	613	29.35%

Figures shown are for the 2 months ending February 2007.

Future reports will show data for the SRA as a whole. Technical difficulties have prevented that data being available in time for this months report.

Monthly HR Update

- As at 28/02/2007 the FTE was 356 with 60.4 vacancies
- The budget FTE is 353.5
- There were 3 leavers in February

A system for recording time spent on technical training is being developed.

Monthly E & D Update

Subject individuals of Regulation and Tribunal matters closed in January 2007 compared with the overall population of solicitors.

	Population	Regulation/Tribunal Matters
Asian/Asian British	5%	13%
Black or black British	2%	5%
Chinese or other Asian group	1%	1%
Mixed or unknown	14%	16%
White/European	78%	65%
F	43%	20%
M	57%	80%
30 or below	18%	2%
31 - 40	35%	23%
41 - 50	25%	37%
51 - 60	16%	27%
61 or over	5%	9%
Unknown	1%	2%

Appendix 2: Headline Summary of performance against LSCC strategic targets– LCS and CAI (April 2006 to March 2007)

NB: Data on this page refers to the combined performance of LCS and Compliance as reported to the LSCC.

Strategic priority 1 : improving the speed with which complaints are handled				
	Current month	Year to date	Law Society Target	Variance from target
Target T1 Number of live cases open for 15 months or more				
	187	N/A	By 31 March 2007 no more than 65 cases open	122
Target T2 Age profile of cases closed				
Cases closed between 1 April 2006 and 31 March 2007				
Within 3 months	61%	59%	57%	2%
Cases closed that were received between 1 April 2005 and 31 March 2006				
Within 12 months	96%	94%	94%	0%
Strategic priority 2 : improving the quality of complaints handling				
Target Q6: Percentage of referrals to the LSO that are upheld				
	62%	67%	73%	-6%

Strategic priority 3 : implementing the plan for complaints handling			
	Current month	Year to date	Law Society Target
Target P1: The total budget to support the delivery of the plan.			
Target P1	-2.3%	-2.3%	-10% to 0%
Target P2: All resources to support the delivery of the plan			
Target P2	-8.2%	-8.2%	-10% to 0%
Target P3: The priority initiatives will be delivered to time and cost in accordance with the plan, meet all milestones declared in the plan and benefits realised.			
Target P3	100%	100%	
Target P4: Progress against the plan, targets and supporting KPIs, will be reported in line with the timescales agreed.			
Target P4	100%	100%	

Appendix 3: Glossary of terms

Terms used in this document:

CAI	Conduct Assessment & Investigation Unit
CAU	Customer Assistance Unit
CCC	Customer Contact Centre (formerly CAU)
CCS	Consumer Complaints Service
CDT	Conduct complaint
Compliance Directorate	SRA Directorate dealing with all investigation and enforcement work, together with much of the work formerly dealt with by the former OSS Solicitors' Practice Unit
CRO	A service complaint
ENQ	An enquiry or an initial request for details of the remuneration certificate process
LCS	Legal Complaints Service (formerly CCS)
LSO	Legal Services Ombudsman
LSCC	Legal Services Complaints Commissioner
RCA	Remuneration Certificate Application
PSU	Practice Standards Unit
RDC	Redress Conduct - conduct issues arising from a redress matter handled by the LCS.
SRA	Solicitors Regulatory Authority
Throughput	The volume of cases passing through the Compliance Directorate from creation to completion
WIP	Acronym for "Work In Progress", cases not concluded during the month, carried over from or to the following month
Decisions	There are two sorts of decisions: those made by Adjudicators, where there can be a number of decisions in relation to a matter, and the decisions (orders) by the SDT which tend to be the decision on the totality of a case presented to them – more usually one case, one decision
Regulatory Conduct and Service	In this report, refers to the work of the Regulation Unit Normally referring to the work of CAI, but also ICT. This is the distinction made by the SRA between complaints of poor <i>service</i> , for which redress can be offered (by the LCS), and complaints of misconduct
Intervention	A formal decision of the adjudication panel to intervene into a solicitor's practice, which results in all monies and papers held by the solicitor being taken by the Law Society. Interventions are subject to a statutory appeal direct to the High Court
Inspections	Term normally used in connection with Accounts Inspections by the Forensic Investigation department
Tribunal	The independent Solicitors Disciplinary Tribunal (SDT)
FTE	"Full-time equivalent", a measure of the number of staff.

Age of Cases

The methodology for calculating the age of cases:

The age of a case will be calculated from the day the case was created on the computer system. For reporting purposes the age of cases will be grouped as follows:

0-3 months = 0-91 days

0-6 months = 0-183 days

0-9 months = 0-274 days

0-12 months = 0-365 days