



Solicitors  
Regulation  
Authority

# **SRA Summary of Performance Measures and Statistics**

January 2007

# Contents

|  |                 |
|--|-----------------|
| <b>Directors' report and headlines</b>   | <b>Page 3</b>   |
| <b>Overall caseload movement this month</b>  | <b>Page 4</b>   |
| <b>SDT decisions</b>   | <b>Page 5</b>   |
| <b>Prosecutions and Interventions</b>  | <b>Page 6</b>   |
| <b>Adjudication and Panel decisions</b>  | <b>Page 7-8</b> |
| <b>Forensic Investigations: Outcomes</b>   | <b>Page 9</b>   |
| <b>ICT: Outcomes</b>   | <b>Page 10</b>  |
| <b>Regulation Unit: Outcomes</b>   | <b>Page 11</b>  |
| <b>CAI: Outcomes</b>   | <b>Page 12</b>  |
| <b>PIU</b>   | <b>Page 13</b>  |
| <b>Compensation Fund</b>   | <b>Page 14</b>  |
| <b>Practice Standards Unit: Visits</b>   | <b>Page 15</b>  |
| <br>   |                 |
| Appendix 1: Objectives of the Compliance Directorate                                     | Page 16         |
| Appendix 2: IDU: Prosecutions to the SDT   | Page 17         |
| Appendix 3: FIU: Intelligence received and profiling                                     | Page 18         |
| Appendix 4: ICT: Receipts and closures   | Page 19         |
| Appendix 5: Regulation Unit: New cases and closures                                      | Page 20         |
| Appendix 6: CAI: Receipts and closures   | Page 21         |
| Appendix 7: Compensation Fund age profile of closures                                    | Page 22         |
| Appendix 8: Practice Standards Unit performance  | Page 23         |
| Appendix 9: Compliance Directorate case study  | Page 24         |
| Appendix 10: Compliance Directorate financial, HR and E&D data                           | Page 25         |
| Appendix 11: Headline summary of performance against LSCC strategic targets– CCS and CAI | Page 26         |
| Appendix 12: Glossary of terms   | Page 27         |

## Directors' report and headlines

### Directors' Foreword

#### Compliance

The overall throughput of casework moderated in January as closures of Regulatory cases linked to the PC renewal cycle began to exceed the inflow of new cases and plans in Compensation Fund to tackle the backlog of Counsel fees began to take effect. Cases continue to take longer than we would wish, both to issue for Tribunal proceedings and to be heard at the SDT; but the problem will ease in 2007 as the number of complex cases reduces and more resource is brought to bear.

The directorate's FTE was 333 including vacancies of 35 against a budget of 328

*Alison Crawley*

#### Standards

As in the December report, data on the work of the Practice Standards Unit is included as a first step in producing an integrated SRA Stakeholder report.

*Hilary Lloyd*

### Headline Statistics

- Of 27 orders made by the SDT in January, 7 were orders to strike off and 5 were suspensions. In addition, the Tribunal imposed 6 fines totalling £15,700.
- The average age of Tribunal matters issued has been increasing since September. The average time for matters to be heard at the Tribunal has been over the 6 month target for the past 12 months.
- 2 Interventions were effected in the month.
- The number of cases where the SRA has exercised its power to consider the imposition of practising certificate conditions (under S12) has increased significantly in the last 12 months compared to the previous period. (See page 8 for a detailed breakdown of the January numbers, made possible by a recent systems improvement)
- £3.3m was distributed from STA accounts during January.
- £0.3m was paid from the Compensation Fund in the month (monthly average £0.9m)
- As well as the expected increase in volume of RDCs arising from the specialist matters handled in LCS, the overall number of RDC referrals has risen strongly over the past 12 months.

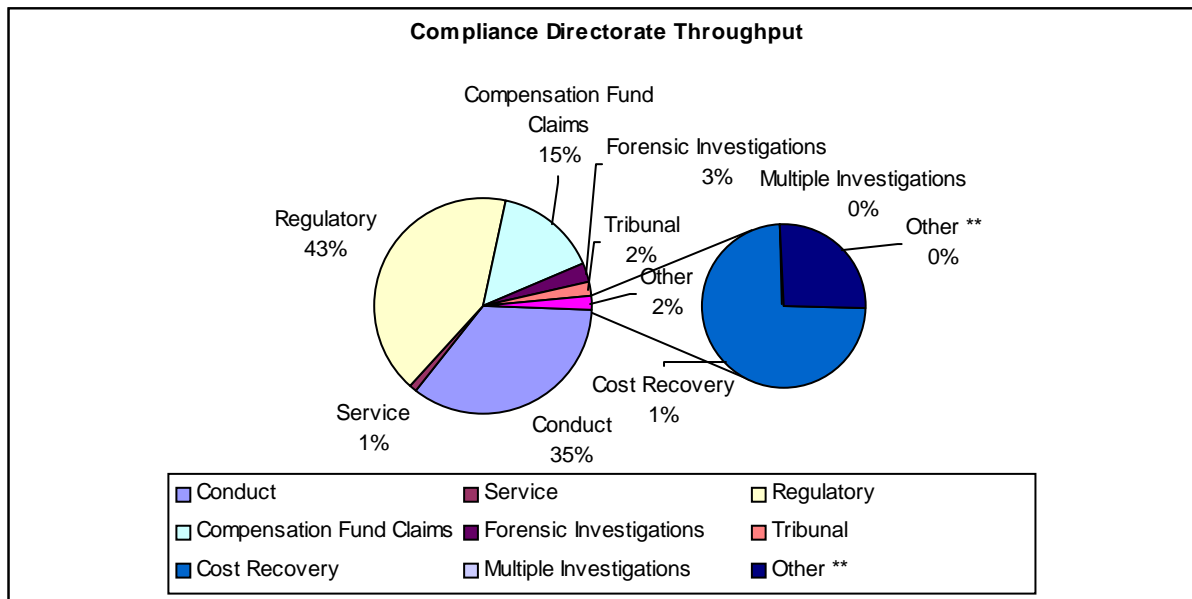
NOTE: Reporting the end to end progress of the more serious and complex cases is under development. More detailed key performance indicators on timeliness, costs and quality are available or being developed

## Overall caseload movement this month

| Activity of Regulation Compliance   | Caseload Brought Forward | Cases Received | Cases Closed | Caseload Carried Forward | Caseload Movement | % Movement |
|-------------------------------------|--------------------------|----------------|--------------|--------------------------|-------------------|------------|
| Conduct                             | 877                      | 396            | 407          | 866                      | -11               | -1%        |
| Service                             | 78                       | 0              | 11           | 67                       | -11               | -14%       |
| Redress Conduct                     | 120                      | 28             | 28           | 120                      | 0                 | +0%        |
| Regulatory                          | 1894                     | 414            | 532          | 1776                     | -118              | -6%        |
| Compensation Fund Claims (Live)     | 3362                     | 215            | 194          | 3383                     | 21                | +1%        |
| <i>of which are CFC In Abeyance</i> | 1809                     | 0              | 0            | 2012                     | 203               | +11%       |
| Tribunal                            | 438                      | 19             | 30           | 427                      | -11               | -3%        |
| Interventions                       | 148                      | 2              | 1            | 149                      | 1                 | +1%        |
| Applications                        | 24                       | 3              | 2            | 25                       | 1                 | +4%        |
| Cost Recovery                       | 603                      | 40             | 17           | 626                      | 23                | +4%        |
| Statutory Trust Accounts            | 1225                     | 4              | 4            | 1225                     | 0                 | +0%        |
| Forensic Investigations             | 417                      | 36             | 33           | 420                      | 3                 | +1%        |
| Multiple Investigations             | 9                        | 1              | 0            | 10                       | 1                 | +11%       |
| Other **                            | 23                       | 4              | 6            | 21                       | -2                | -9%        |
| <b>TOTAL</b>                        | <b>9218</b>              | <b>1162</b>    | <b>1265</b>  | <b>9115</b>              | <b>-103</b>       | <b>-1%</b> |

This table shows the work split by type. Some work types are handled in more than one unit, and some units handle more than one work type. Therefore the figures in this table will not be directly comparable to the figures shown for some units in the following pages. Receipts shown here are new matters created this month and re-opened matters. Unit receipts where shown on the following pages are matters coming into the respective units, including transfers in from other areas as well as newly created matters.

Cost Recovery files shown above include both Costs Recovery and Litigation.



\*\*Other activity includes Paragraph 3 Interventions / S44B and Enquiry & Report matters.

## 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. In most cases the Tribunal order is effective 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).

|              | Month     |           | 12 Months to |            |             |                     |
|--------------|-----------|-----------|--------------|------------|-------------|---------------------|
|              | Jan-06    | Jan-07    | Jan-06       | Jan-07     | Variance    | Monthly Average '06 |
| Fined        | 5         | 6         | 69           | 77         | +12%        | 6                   |
| Struck Off   | 1         | 7         | 62           | 72         | +16%        | 6                   |
| Suspended    | 2         | 5         | 41           | 35         | -15%        | 3                   |
| No Order     | 0         | 0         | 7            | 10         | +43%        | 1                   |
| Other        | 3         | 9         | 39           | 69         | +77%        | 6                   |
| <b>TOTAL</b> | <b>11</b> | <b>27</b> | <b>218</b>   | <b>263</b> | <b>+21%</b> | <b>22</b>           |

Fines imposed this month totalled £15,700, the largest being £5,000. The "other" orders include 3 applications in respect of employment of clerks.

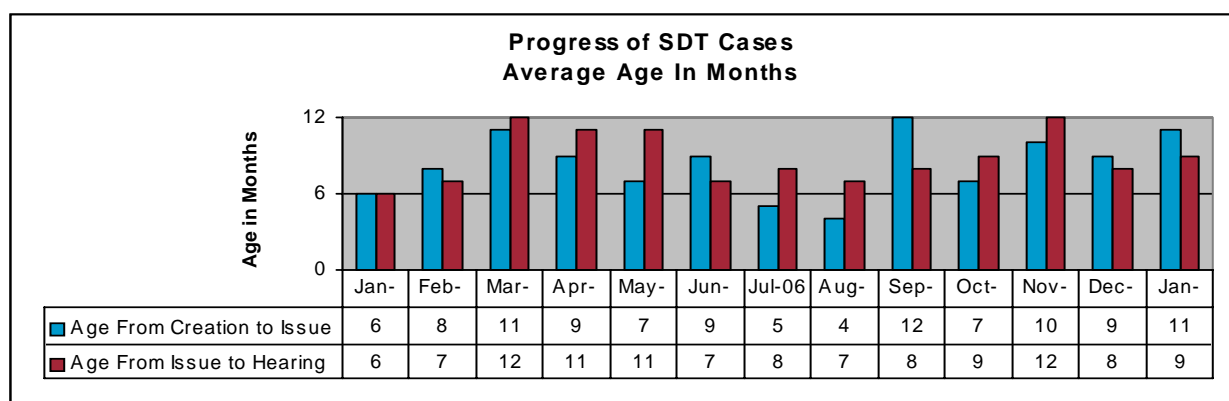
Although the number of decisions made by the SDT in the last twelve months increased by one fifth, this did not reflect a rise in the number of hearings. The number of cases awaiting hearing was in line with January 2006, after peaking in October (Appendix 2). It is understood that new appointments to the Tribunal will help to reduce the time between issue and hearing.

The SDT aims to hear cases within 6 months of proceedings being issued by the Law Society.

## 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    | Month  |        |          | 12 Months |        |          |                 |
|--------------|--------|--------|----------|-----------|--------|----------|-----------------|
|              | Jan-06 | Jan-07 | Variance | To        | To     | Variance | Monthly Average |
|              |        |        |          | Jan-06    | Jan-07 |          |                 |
| New Cases    | 23     | 19     | -17%     | 303       | 280    | -8%      | 23              |
| Closed Cases | 14     | 31     | +121%    | 294       | 247    | -16%     | 21              |



### SDT Cases

The average age from creation to issue of proceedings exceeded the Society's 6 month target for the fifth month in succession, as older, more complex cases have been cleared. Some 10-15% fewer cases were issued for SDT hearing than in the previous 12 months and the number of cases in preparation has risen slightly (Appendix 2)

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.

### Interventions

The Intervention and Disciplinary Unit aim to intervene in practices where there is suspected dishonesty within 3 working days of a decision to act, and within 5 working days for other interventions. The table below records number & % against target.

|                     | Suspected Dishonesty |           |             | Other |           |             | TOTAL |           |             |
|---------------------|----------------------|-----------|-------------|-------|-----------|-------------|-------|-----------|-------------|
|                     | Total                | On Target | % on Target | Total | On Target | % on Target | Total | On Target | % on Target |
| 12 months to Jan 06 | 9                    | 9         | 100%        | 46    | 46        | 100%        | 55    | 55        | 100%        |
| 12 months to Jan 07 | 14                   | 14        | 100%        | 37    | 37        | 100%        | 51    | 51        | 100%        |

2 interventions were effected in January, neither of which involved suspicion of dishonesty. There has been a 56% year on year increase in interventions for suspected dishonesty, the 12 months to January 2006 being exceptionally low. There has, however, been a reduction in the overall number of interventions.

*NB: Interventions on grounds other than "reason to suspect dishonesty" include breaches of the accounts rules, bankruptcy, incapacity, abandonment, practising uncertificated and strike off or suspension. The cost of interventions where there is reason to suspect dishonesty is funded from the Compensation Fund. All other interventions are funded from the practising certificate fee.*

## Adjudication and Panel decisions

Because there are many different decision options used by the adjudicators, the individual decisions have been grouped into broad categories. Several decisions can be recorded on a single matter and against different individuals involved in a matter. The data shown below represents a count of decisions made and recorded during the month under each category.

| Outcome of Adjudicators' Decisions  | Month      |            |             | 12 Months   |             |             |                 |
|-------------------------------------|------------|------------|-------------|-------------|-------------|-------------|-----------------|
|                                     | Jan-06     | Jan-07     | Variance    | To Jan-06   | To Jan-07   | Variance    | Monthly Average |
| Accountants Reporting Issues        | 55         | 54         | -2%         | 478         | 709         | +48%        | 59              |
| Compensation Fund Claim             | 103        | 81         | -21%        | 1427        | 1293        | -9%         | 108             |
| Decisions Relating to PC Conditions | 99         | 311        | +214%       | 1144        | 1574        | +38%        | 131             |
| Directions to Comply/Take Action    | 14         | 19         | +36%        | 179         | 151         | -16%        | 13              |
| Finding Only                        | 4          | 4          | +0%         | 66          | 58          | -12%        | 5               |
| Finding/Warning/Rebuke/Reprimand    | 45         | 63         | +40%        | 593         | 703         | +19%        | 59              |
| IPS                                 | 97         | 133        | +37%        | 1156        | 1294        | +12%        | 108             |
| Other                               | 6          | 4          | -33%        | 63          | 74          | +17%        | 6               |
| Referral for DPs                    | 37         | 51         | +38%        | 311         | 419         | +35%        | 35              |
| Section 43                          | 6          | 0          | -100%       | 49          | 29          | -41%        | 2               |
| Stand Over                          | 25         | 23         | -8%         | 209         | 249         | +19%        | 21              |
| Vest Discretion                     | 30         | 18         | -40%        | 211         | 178         | -16%        | 15              |
| No Action/IPS/Breach                | 60         | 53         | -12%        | 791         | 620         | -22%        | 52              |
| <b>TOTAL</b>                        | <b>581</b> | <b>814</b> | <b>+40%</b> | <b>6677</b> | <b>7351</b> | <b>+10%</b> | <b>613</b>      |
| <i>Costs Directions</i>             | 93         | 140        | +51%        | 1325        | 1287        | -3%         | 107             |
| Appeals Against Decision            | 27         | 6          | -78%        | 716         | 328         | -54%        | 27              |
| Successful Appeals                  | 8          | 2          | -75%        | 221         | 124         | -44%        | 10              |

| Impact of Decisions                                   | Month  |        |          | 12 months |           |          |                 |
|---|--------|--------|----------|-----------|-----------|----------|-----------------|
|   | Jan-06 | Jan-07 | Variance | To Jan-06 | To Jan-07 | Variance | Monthly Average |
| Number of Firms subject to Adjudicator Decision       | 324    | 377    | +16%     | 2322      | 2538      | +9%      | 212             |
| Number of Individuals subject to Adjudicator Decision | 369    | 629    | +70%     | 2646      | 3763      | +42%     | 314             |

## Adjudication and Panel decisions

Although part of the Compliance Directorate, **Adjudicators** are called on to make formal decisions on several areas of casework including CCS. They provide formal First Instance Decisions (FIDs) on matters presented to them in reports. The Adjudicators aim to maintain public confidence in the regulation of the profession. They provide systematic feedback to operating units on the quality of their caseworking judgements. There are 9 FTE adjudicators plus 4 management and administration staff.

| Adjudicator Decisions by Matter Type (includes CCS) | Month      |            |             | 12 Months   |             |             |                 |
|---|------------|------------|-------------|-------------|-------------|-------------|-----------------|
|   | Jan-06     | Jan-07     | Variance    | To Jan-06   | To Jan-07   | Variance    | Monthly Average |
| Conduct   | 67         | 81         | +21%        | 747         | 847         | +13%        | 71              |
| Service   | 93         | 181        | +95%        | 1122        | 1527        | +36%        | 127             |
| Redress Conduct                                     | 1          | 17         |             | 4           | 80          |             | 7               |
| Compensation Fund Claim                             | 103        | 82         | -20%        | 1433        | 1300        | -9%         | 108             |
| Remuneration Certificate Application                | 49         | 2          | -96%        | 507         | 313         | -38%        | 26              |
| Regulatory  | 268        | 452        | +69%        | 2848        | 3271        | +15%        | 273             |
| Remuneration Certificate Waiver                     | 0          | 0          | N/A         | 11          | 17          | +55%        | 1               |
| Multiple Investigations                             | 0          | 0          | N/A         | 2           | 1           | -50%        | 0               |
| Special Investigation                               | 0          | 0          | N/A         | 3           | 0           | -100%       | 0               |
| <b>TOTAL</b>  | <b>581</b> | <b>815</b> | <b>+40%</b> | <b>6677</b> | <b>7356</b> | <b>+10%</b> | <b>613</b>      |
| Cost Directions                                     | 93         | 140        | +51%        | 1325        | 1287        | -3%         | 107             |

| Other Decisions       | Month      |           |             | 12 Months   |             |             |                 |
|-----------------------|------------|-----------|-------------|-------------|-------------|-------------|-----------------|
|                       | Jan-06     | Jan-07    | Variance    | To Jan-06   | To Jan-07   | Variance    | Monthly Average |
| <b>Panel</b>          | <b>63</b>  | <b>26</b> | <b>-59%</b> | <b>1619</b> | <b>1028</b> | <b>-37%</b> | <b>86</b>       |
| Interventions         | 2          | 1         | -50%        | 65          | 64          | -2%         | 5               |
| Referrals for DPs     | 8          | 2         | -75%        | 175         | 101         | -42%        | 8               |
| Other Panel Decisions | 53         | 23        | -57%        | 1379        | 863         | -37%        | 72              |
| <b>Other*</b>         | <b>39</b>  | <b>43</b> | <b>+10%</b> | <b>592</b>  | <b>683</b>  | <b>+15%</b> | <b>57</b>       |
| <b>TOTAL</b>          | <b>102</b> | <b>69</b> | <b>-32%</b> | <b>2211</b> | <b>1711</b> | <b>-23%</b> | <b>143</b>      |

The number of new applications by individuals subject to Section 12 has increased significantly in the last 12 months compared to the previous 12 months. This can be seen in the increase in individuals subject to decisions, as well as in the number of decisions relating to PC conditions.

Recent system developments enable a breakdown of the January data to show that there were 204 new S12 applications considered, as well as 79 applications from individuals already subject to conditions.

Of the 204 new applications, only 28 had restrictions applied. 17 existing conditions were varied and 43 continued.

NB: It should be noted that a single matter can have several decisions. Figures shown here relate to the number of decisions made by or on behalf of the Law Society. Tribunal decisions are reported separately on page 5. Costs Directions are not included as they are supplemental to a decision on a matter.

\*Other decisions include authorised officers and the court.

## Forensic Investigations: Outcomes

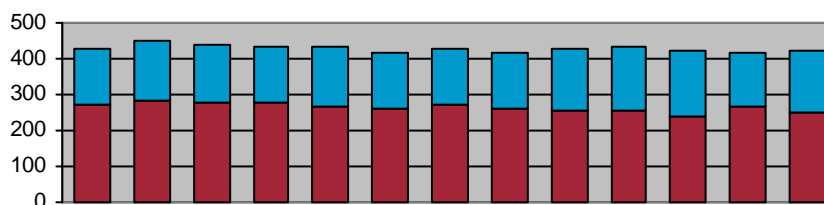
Forensic Investigations (FI) carries out targeted investigations of firms following the risk assessment of referrals from within Compliance, PSU and casework units. FI Investigators visit firms and adduce evidence of the misuse of client money, serious misconduct or malpractice, dishonesty, fraud, money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

| Outcomes                                | Month  |        |          | 12 Months |           |          | Monthly Average |
|---|--------|--------|----------|-----------|-----------|----------|-----------------|
|   | Jan-06 | Jan-07 | Variance | To Jan-06 | To Jan-07 | Variance |                 |
| Adverse Reports                         | 13     | 15     | 15%      | 250       | 259       | 4%       | 22              |
| Adverse Reports as a % of Closures      | 43%    | 65%    | +51%     | 54%       | 57%       | +6%      | 0               |
| On-site Closures                        | 17     | 8      | -53%     | 217       | 197       | -9%      | 16              |
| On-site Closures as a % of all Closures | 57%    | 35%    | -39%     | 46%       | 43%       | -7%      | 0               |
| Rescinded/No Investigation Required     | 0      | 10     | N/A      | 31        | 51        | 65%      | 4               |

The rescinded total for January '07 includes 5 files that were closed as part of the reconciliation exercise carried out at the end of December.

|                                 | Month  |        |          | 12 Months |           |          | Monthly Average |
|---------------------------------|--------|--------|----------|-----------|-----------|----------|-----------------|
|                                 | Jan-06 | Jan-07 | Variance | To Jan-06 | To Jan-07 | Variance |                 |
| New Investigation Files Created | 18     | 36     | +100%    | 525       | 484       | -8%      | 40              |
| Closed or Rescinded             | 30     | 33     | +10%     | 498       | 507       | +2%      | 42              |

### Work In Progress



|                           | Jan-06 | Feb-06 | Mar-06 | Apr-06 | May-06 | Jun-06 | Jul-06 | Aug-06 | Sep-06 | Oct-06 | Nov-06 | Dec-06 | Jan-07 |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Investigation In Progress | 160    | 167    | 165    | 155    | 164    | 156    | 153    | 158    | 171    | 180    | 184    | 152    | 170    |
| Investigation Not Started | 270    | 285    | 276    | 279    | 269    | 260    | 274    | 261    | 255    | 255    | 238    | 265    | 250    |

The number of Inspections authorised year on year has declined, as has the number of completions, though more modestly, 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.

Development of MI reporting capability now allows us to report the actual recorded start date of an investigation, without reliance on the electronic audit trail, eliminating any timing issues.

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.

## Investigation Casework Team: Outcomes

The **Investigation Casework Team (ICT)** deals with serious and complex misconduct issues and FI reports referred to the Team. The unit also has a “multiples” team that targets patterns of misconduct in firms or serial poor service. ICT conduct site visits to firms to gather evidence of misconduct.

ICT's current FTE is 25.

The table below provides an analysis of the decisions with most regulatory impact which are recorded on cases closed by ICT (most of these are Regulation matters).

System and data recording developments currently being considered will enable more detailed reporting of outcomes, consistent with other units.

An analysis of decisions recorded during the month on all Regulatory matters, covering the work done in both Regulation and ICT units, is given on page 11.

| DECISIONS                             | Month    |           |            | 12 Months    |              |             |                                    |
|---------------------------------------|----------|-----------|------------|--------------|--------------|-------------|------------------------------------|
|                                       | Jan-06   | Jan-07    | Variance   | To<br>Jan-06 | To<br>Jan-07 | Variance    | Monthly<br>Average<br>To<br>Jan-07 |
| PC Conditions                         | 0        | 2         | N/A        | 24           | 50           | +108%       | 4                                  |
| Intervention                          | 0        | 3         | N/A        | 19           | 19           | +0%         | 2                                  |
| Referral for Disciplinary Proceedings | 0        | 8         | N/A        | 49           | 83           | +69%        | 7                                  |
| Vest Discretion                       | 0        | 8         | N/A        | 44           | 70           | +59%        | 6                                  |
| No Action                             | 0        | 3         | N/A        | 20           | 27           | +35%        | 2                                  |
| <b>TOTAL</b>                          | <b>0</b> | <b>21</b> | <b>N/A</b> | <b>136</b>   | <b>222</b>   | <b>+63%</b> | <b>19</b>                          |

There are a range of other decisions made on ICT matters. The total number of decisions made on Regulation matters are shown on page 11 and total Adjudicator Decisions on all matters on pages 7 and 8. Matters can have more than one decision.

The reason that there are no decisions recorded for January 2006 is that there were only 7 individual matters concluded by ICT in January 2006, all of which were closed without any formal decision.

## 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.

Actual and budgeted FTE for the Unit is 33.

| OUTCOMES                             | Month      |            |             |            | 12 Months   |             |             |                           |
|--------------------------------------|------------|------------|-------------|------------|-------------|-------------|-------------|---------------------------|
|                                      | Jan-06     | Jan-07     | Variance    | Split      | To Jan-06   | To Jan-07   | Variance    | Monthly Average To Jan-07 |
| Concluded at Appeal                  | 9          | 7          | -22%        | 1%         | 192         | 116         | -40%        | 10                        |
| Concluded at First Instance Decision | 206        | 400        | +94%        | 79%        | 2417        | 2831        | +17%        | 236                       |
| Concluded Without Formal Action      | 74         | 95         | +28%        | 19%        | 1006        | 1083        | +8%         | 90                        |
| Other                                | 2          | 3          | +50%        | 1%         | 10          | 33          | +230%       | 3                         |
| <b>TOTAL</b>                         | <b>291</b> | <b>505</b> | <b>+74%</b> | <b>99%</b> | <b>3625</b> | <b>4063</b> | <b>+12%</b> | <b>336</b>                |

|  |
|--|
|  |
|--|

| REGULATION MATTERS - DECISIONS        | Month      |            |              |            | 12 Months   |             |            |                           |
|---------------------------------------|------------|------------|--------------|------------|-------------|-------------|------------|---------------------------|
|                                       | Jan-06     | Jan-07     | Variance     | Split      | To Jan-06   | To Jan-07   | Variance   | Monthly Average To Jan-07 |
| PC Conditions                         | 102        | 314        | +208%        | 62%        | 1216        | 1663        | +37%       | 139                       |
| Intervention                          | 3          | 3          | +0%          | 1%         | 108         | 111         | +3%        | 9                         |
| Referral for Disciplinary Proceedings | 23         | 22         | -4%          | 4%         | 325         | 317         | -2%        | 26                        |
| Vest Discretion                       | 27         | 19         | -30%         | 4%         | 260         | 218         | -16%       | 18                        |
| No Action                             | 33         | 17         | -48%         | 3%         | 452         | 279         | -38%       | 23                        |
| Other                                 | 160        | 160        | +0%          | 32%        | 1953        | 1871        | -4%        | 156                       |
| <b>TOTAL</b>                          | <b>348</b> | <b>535</b> | <b>+203%</b> | <b>67%</b> | <b>4314</b> | <b>4459</b> | <b>+3%</b> | <b>372</b>                |

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.

## 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 1<sup>st</sup> 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 vacancies against a budget of 57 FTE's at the end of January (three caseworkers are also temporarily seconded to LCS).

| Outcomes                      | Month      |            |             | 12 Months   |             |             |                           |
|-------------------------------|------------|------------|-------------|-------------|-------------|-------------|---------------------------|
|                               | Jan-06     | Jan-07     | Variance    | To Jan-06   | To Jan-07   | Variance    | Monthly Average To Jan-07 |
| <b>Not Upheld</b>             | <b>434</b> | <b>379</b> | <b>-13%</b> | <b>5605</b> | <b>4489</b> | <b>-20%</b> | <b>374</b>                |
| Excluded matters              | 76         | 42         | -45%        | 986         | 781         | -21%        | 65                        |
| Required no regulatory action | 337        | 336        | -0%         | 4323        | 3598        | -17%        | 300                       |
| Conciliated (service )        | 21         | 1          | -95%        | 296         | 110         | -63%        | 9                         |
| <b>Upheld</b>                 | <b>60</b>  | <b>41</b>  | <b>-32%</b> | <b>619</b>  | <b>579</b>  | <b>-6%</b>  | <b>48</b>                 |
| Letter of Advice              | 8          | 13         | +63%        | 120         | 165         | +38%        | 14                        |
| Formal decision made          | 52         | 28         | -46%        | 499         | 414         | -17%        | 35                        |
| <b>Referred to SDT</b>        | <b>N/A</b> | <b>6</b>   | <b>N/A</b>  | <b>N/A</b>  | <b>6</b>    | <b>N/A</b>  | <b>1</b>                  |
| <b>Other</b>                  | <b>0</b>   | <b>0</b>   | <b>N/A</b>  | <b>16</b>   | <b>6</b>    | <b>-63%</b> | <b>1</b>                  |
| <b>TOTAL</b>                  | <b>494</b> | <b>426</b> | <b>-14%</b> | <b>6240</b> | <b>5080</b> | <b>-19%</b> | <b>423</b>                |

This month 10% of matters were upheld and regulatory action was taken, against a 12 month average of 11%. Of the 28 matters where a formal decision was made, 17 were a reprimand or severe reprimand and 6 were a finding & warning.

The outcome 'Referred to SDT' is one of the system developments recently introduced. These matters would formerly have been included in the 'Formal decision made' category. Because the final decision on such matters rests with the Tribunal, and referral is, effectively, a stage in the process, it is more appropriate to record these decisions separately.

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".

## Post-Intervention Unit: Statutory Trust Accounts & archives

The **Post-Intervention Unit** deals with the distribution of monies and documents held by the Law Society in trust, in Statutory Trust Accounts (STA), following an intervention. It also handles requests for documents and has an extensive archiving capacity. The Intervention archive team currently has 14 vacancies against a budget of 23.5 FTE. There are 8 FTE on the caseworking side with 1 vacancy.

| STA Throughput     | Brought Forward |            | Opened |            | Closed |            | Payments Made |            |
|--------------------|-----------------|------------|--------|------------|--------|------------|---------------|------------|
|                    | Number          | Value £000 | Number | Value £000 | Number | Value £000 | Number        | Value £000 |
| Jan-06             | 1,082           | 54,315     | 16     | 1,333      | 7      | 67         | 7             | 125        |
| Jan-07             | 1,225           | 54,641     | 4      | 655        | 4      | 75         | 4             | 3,344      |
| 12 Months' Average | 1,181           | 57,924     | 15     | 435        | 3      | 46         | 5             | 1043       |

Following the court's decision on STA's, a programme of action is being undertaken, involving both PIU and Compensation Fund staff, both to distribute STA funds and to implement an appropriate destruction policy for old files.

| Processing of Intervention Archive Files | Brought Forward | Boxes Received | Boxes Processed | Carried Forward |
|--|-----------------|----------------|-----------------|-----------------|
| Jan-07                                   | 1,448           | 965            | 2,166           | 247             |

Following the move from Bermondsey to the Midlands, a new recording system is being introduced. Cumulative and historical data is therefore not available.

Archives receive non-active files from intervened practices soon after the Intervention has taken place, and the residue of active files at the conclusion of the work by Intervention Agents to reconcile accounts and to deal with current matters (most live files are returned to clients).

Files received are processed in order to identify client details, original documents and fields of law. Approximately 400 files a month are requested by external clients or solicitors. Most other internal requests from Statutory Trust or Compensation Fund teams are now going direct to the warehouse through a web interface, as reported previously. Further streamlining of the indexing process by reducing the number of categories for destruction purposes has now been implemented.

323,746 files were processed in January. The remaining 247 boxes are estimated to contain between 4,000 and 5,000 files.

## 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.

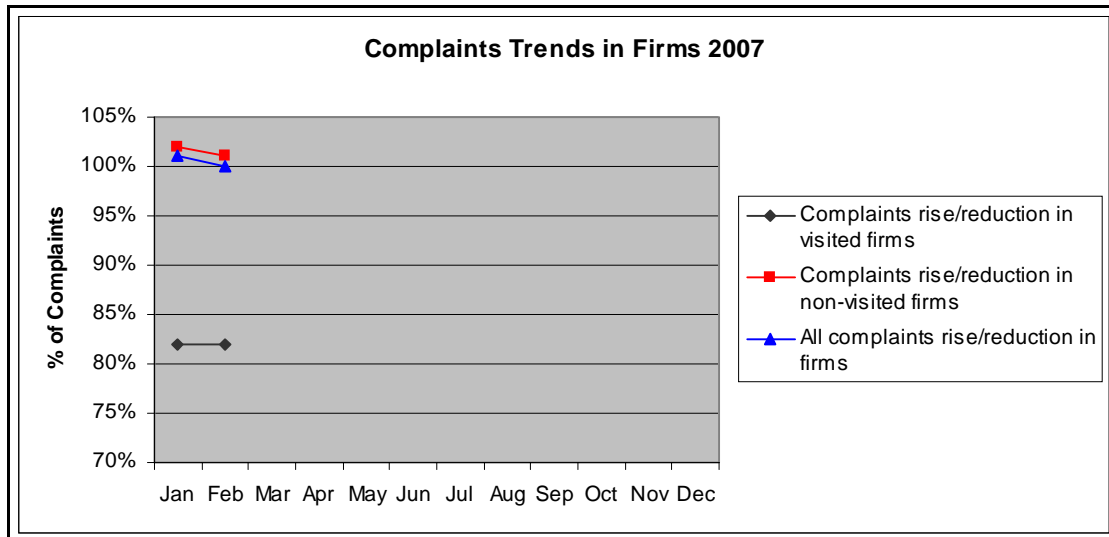
| Compensation Fund Throughput | Applications Brought Forward |                  | Applications Opened |                  | Applications Closed |                  | Grants Made |                  | Applications Carried Forward |                  |
|------------------------------|------------------------------|------------------|---------------------|------------------|---------------------|------------------|-------------|------------------|------------------------------|------------------|
|                              | Number                       | Value (Millions) | Number              | Value (Millions) | Number              | Value (Millions) | Number      | Value (Millions) | Number                       | Value (Millions) |
| <b>Jan-06</b>                | 2604                         | £35.1            | 341                 | £3.1             | 365                 | £2.4             | 79          | £1.0             | 2580                         | £36.3            |
| <b>Jan-07</b>                | 3362                         | £32.2            | 215                 | £0.7             | 194                 | £1.3             | 71          | £0.3             | 3383                         | £31.9            |
| <b>12 Months' Average</b>    | 2951                         | £34.1            | 365                 | £3.5             | 298                 | £4.2             | 97          | £0.9             | 3018                         | £33.8            |

The number of cases being processed is no longer rising sharply as the 12 month plan to tackle the backlog of Counsel Fee cases starts to be implemented. Consumer claims continue to be given priority within the unit and are processed with a minimum of delay.

*Work in progress prior to October '05 does not include in abeyance files. (See pages 4 and 21)*

## Practice Standards Unit: Visits

The **Practice Standards Unit (PSU)** is a Unit within the Regulation Standards Directorate whose role is 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 budgeted FTE for 2007 is 62.71 and the current FTE is 58.71.



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 19% and 20% less complaints than prior to a visit. Firms that have not received a monitoring visit generate the same or 1% more complaints in the same analysis period. In February it is the first time that complaints in all firms have remained at the same level in the 6 months prior to visits compared to the equivalent 6 month period after.

| MONITORING VISITS PROGRAMME          | Month      |            |             | 12 Months  |            |             |
|--------------------------------------|------------|------------|-------------|------------|------------|-------------|
|                                      | Jan-06     | Jan-07     | Variance    | To Jan-06  | To Jan-07  | Variance    |
| Full Risk Profiles Completed         | 170        | 94         | -45%        | 170        | 94         | -45%        |
| Partial Risk Profiles Completed      | 118        | 149        | 26%         | 118        | 149        | 26%         |
| <b>Total Risk Profiles Completed</b> | <b>288</b> | <b>243</b> | <b>-16%</b> | <b>288</b> | <b>243</b> | <b>-16%</b> |
| Visits Completed                     | 102        | 89         | -13%        | 102        | 89         | -13%        |
| Revisits Completed                   | 6          | 1          | -83%        | 6          | 1          | -83%        |
| <b>Total Visits Completed</b>        | <b>108</b> | <b>90</b>  | <b>-17%</b> | <b>108</b> | <b>90</b>  | <b>-17%</b> |

The number of total profiles is down 16% on last year due to a reduction in headcount of Risk Assessment Officers (RAO), a reduced number of profiles required to meet a reduced target of 1000 visits and pilot work of the Desk Based Monitoring Assessment (DMA1) being completed by 2 RAOs. The number of lead visits is down on 2006 due to a reduced target of 1000 visits compared to last years 1200 visits. The target has been agreed as 1000 visits for 2007 because of a change in resource levels and project work looking at the purpose and structure of the visits. This will need to be reviewed again when the restructure takes place.

## Appendix 1: Objectives of the Compliance Directorate

The Compliance Directorate is the enforcement arm of the SRA. Its Key Objectives are:

**Key Objective 1:** To protect the public and consumers of legal services from:

- Fraudulent and dishonest activity on the part of solicitors or their employees;
- Serious professional misconduct by solicitors;
- Serious incompetence by solicitors or firms.

**Key Objective 2:** To deliver a consistent and proportionate response to regulatory applications and breaches in order to:

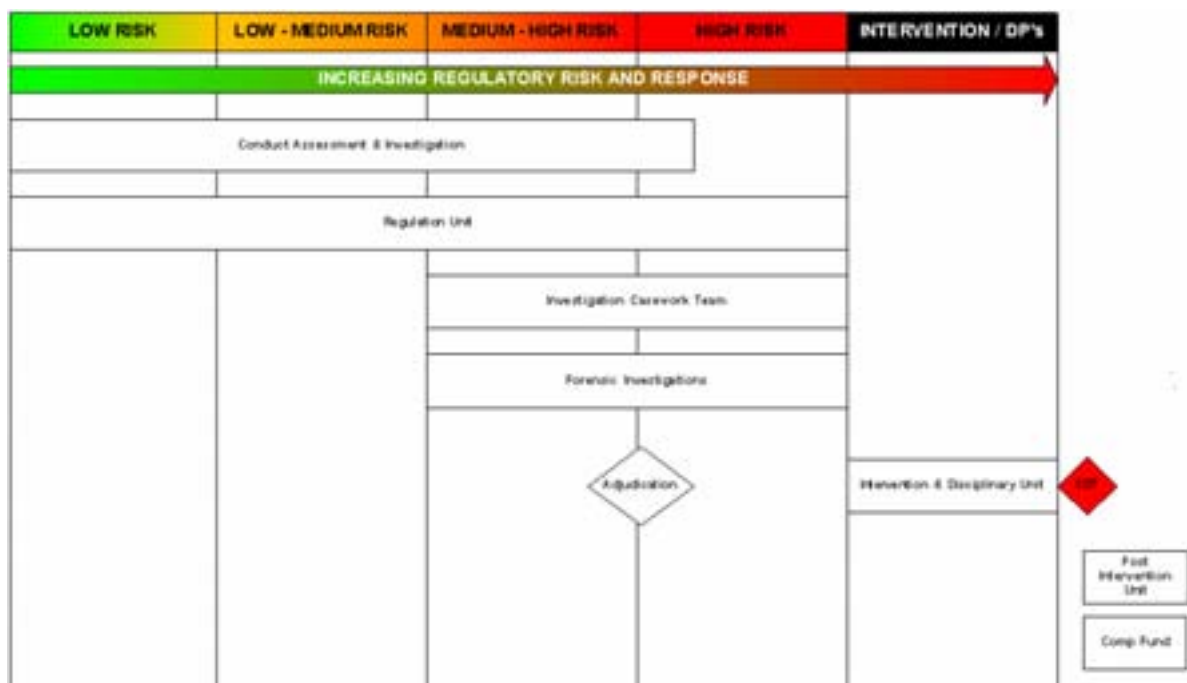
- Reinforce solicitors' understanding of and compliance with the Core Duties of the profession;
- Maintain public confidence in solicitors' work in the provision of legal services and the administration of justice.

Key Objective 1 relates to those acts or omissions by solicitors or their staff which carry the highest risk of financial loss to the public or the profession (Default Risks) or the highest risk to loss of confidence in how solicitors serve the public and are regulated (Public Confidence Risks). The risks posed by such activities are intolerable.

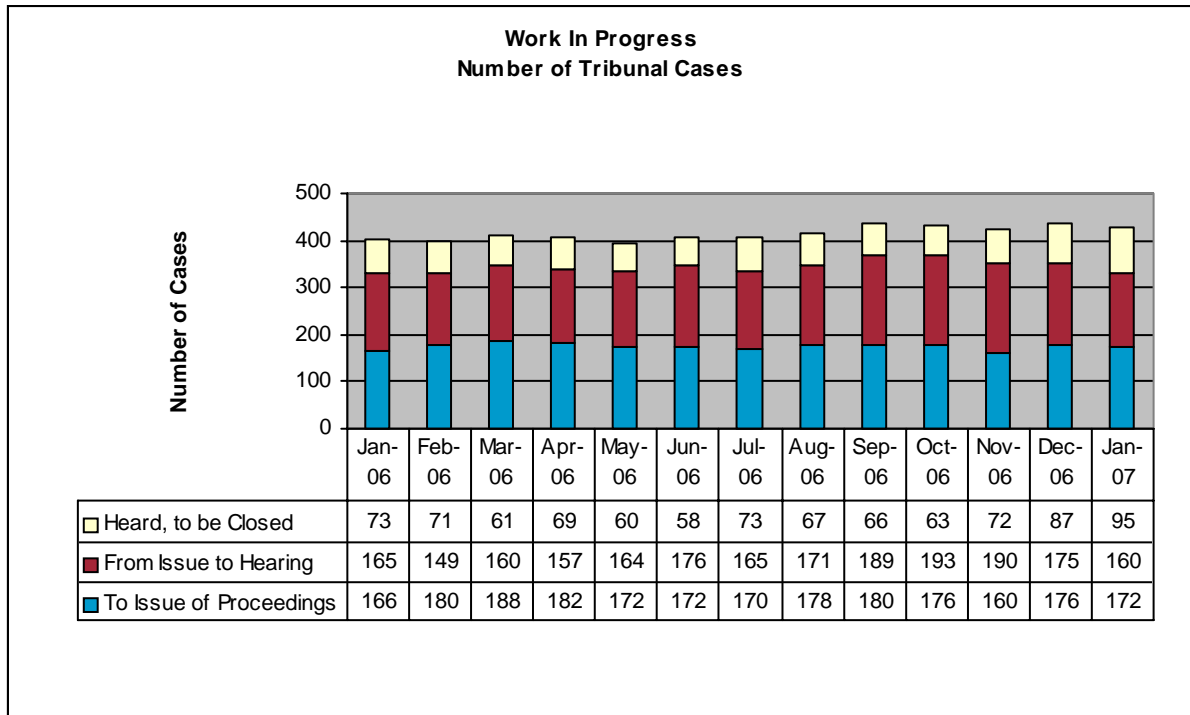
Key Objective 2 relates to acts or omissions by solicitors or their staff which, whilst more limited in their impact, nevertheless require a regulatory response. The risks posed by such activities are treatable.

The achievement of both Key Objectives will require the taking of proportionate disciplinary and regulatory action where solicitors fail to comply with their professional obligations. The achievement of Key Objective 1 will require the removal of dishonest solicitors from the profession.

The diagram below shows the positioning of the Compliance Directorate's casehandling units in terms of regulatory risks:



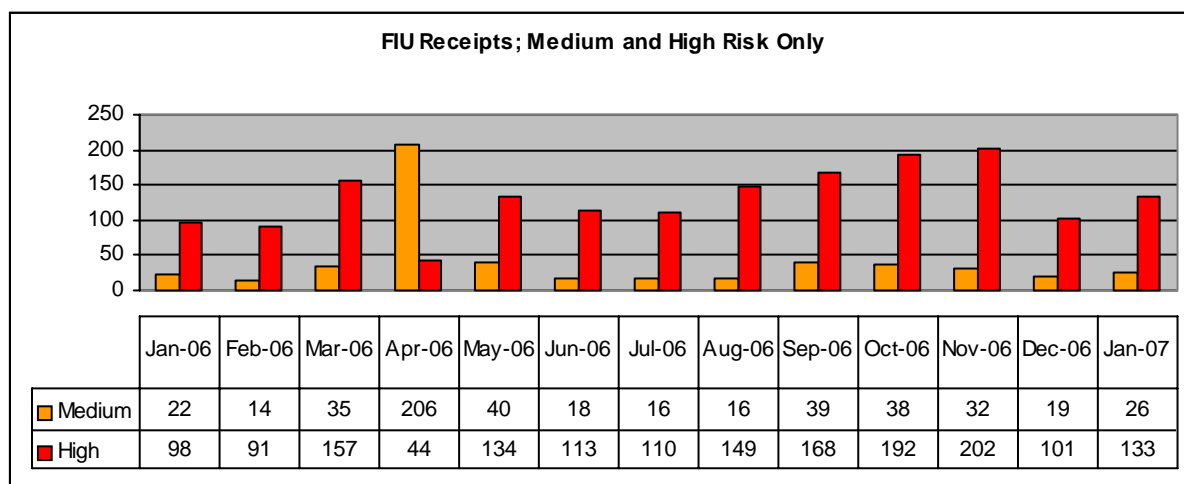
## Appendix 2: Intervention & Disciplinary Unit: Prosecutions to the SDT



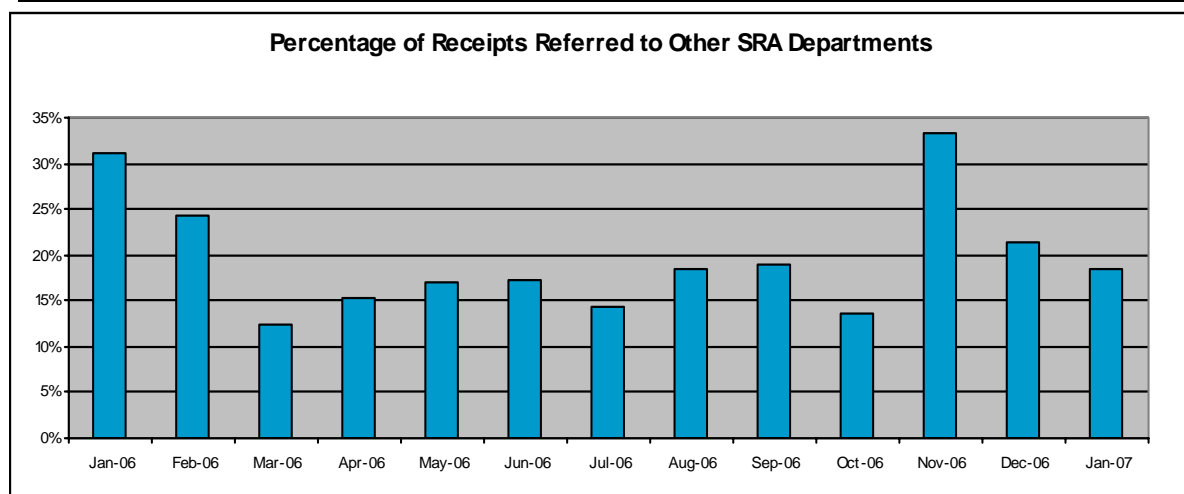
The chart on this page refers specifically to Tribunal matters against solicitors (TRI matter types). There are also 25 section 43 applications in progress with IDU. Section 43 orders are used to prevent a solicitor from employing a person subject to the order without first obtaining the written permission of the office.

## Appendix 3: Fraud Intelligence Unit: Intelligence received and profiling

The **Fraud Intelligence Unit (FIU)**, is the focus for intelligence gathering in the Compliance Directorate. It collates information and intelligence relating to fraud and dishonesty (and other misconduct) within the profession, and assesses the risk by prioritising and *profiling* the firm and making a primary judgement. FIU then passes that information to the appropriate unit. In addition FIU organises and chairs the Risk Management Group (RMG) and Fraud Intelligence Group cross unit forums. There are currently 2.5 vacancies against a budget of 15 FTE.



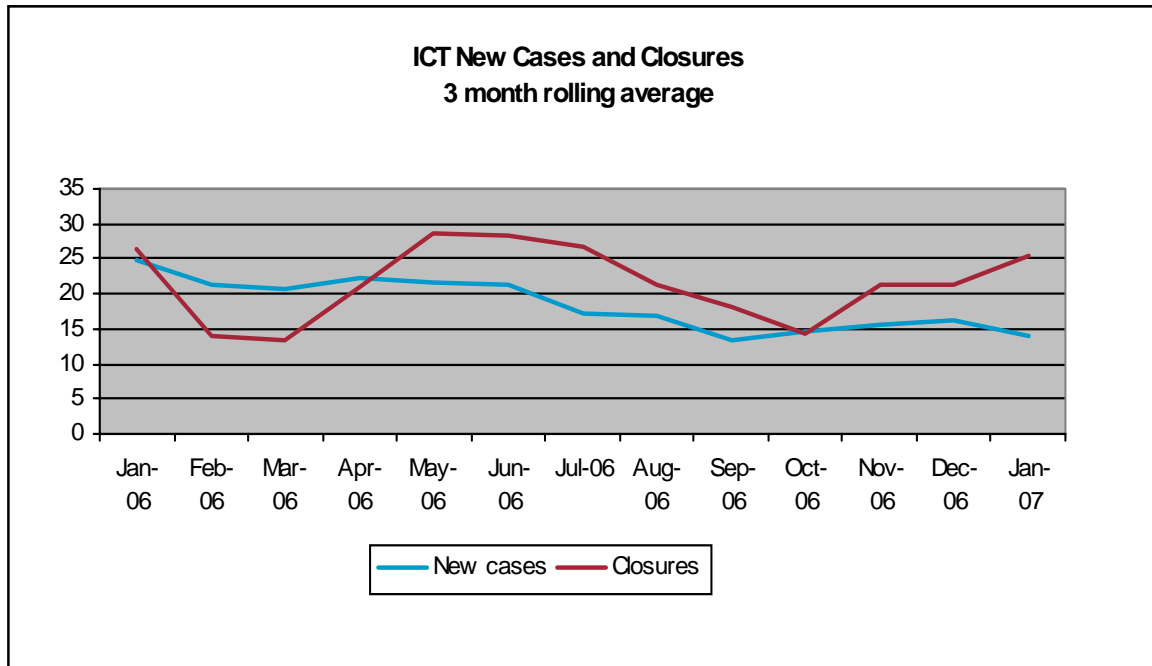
| Information Received | Month  |        |          | 12 Months |           |          |                 |
|----------------------|--------|--------|----------|-----------|-----------|----------|-----------------|
|                      | Jan-06 | Jan-07 | Variance | To Jan-06 | To Jan-07 | Variance | Monthly Average |
| Items Received       | 260    | 272    | +5%      | 3609      | 4194      | +16%     | 350             |
| Items Profiled       | 104    | 104    | +0%      | 1337      | 1267      | -5%      | 106             |



In January, LCS accounted for 35% of all intelligence items received by FIU. 27% of all intelligence items received in 2006 originated in LCS.

Every item received by FIU is risk assessed. Following risk assessment, 30% of items in the last 12 months required further profiling. Profiling involves collating the regulatory history of the subject individual or firm.

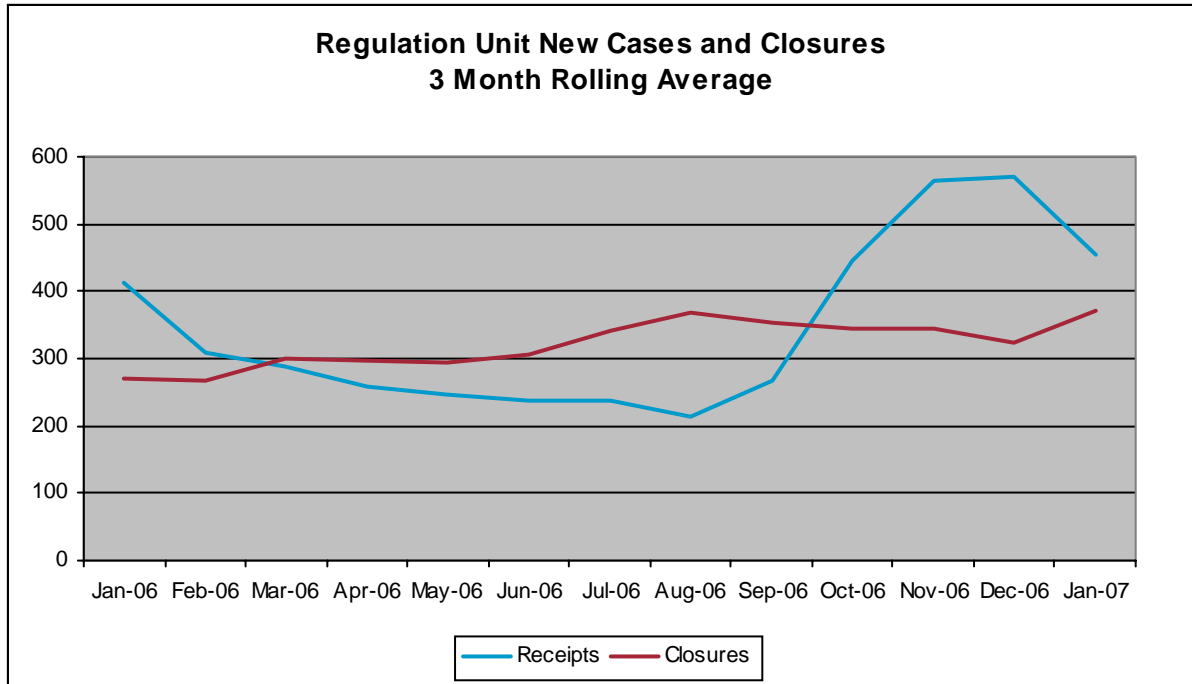
## Appendix 4: ICT: Receipts and closures



|                           | Month  |        |          | 12 Months |           |          |                 |
|---------------------------|--------|--------|----------|-----------|-----------|----------|-----------------|
|                           | Jan-06 | Jan-07 | Variance | To Jan-06 | To Jan-07 | Variance | Monthly Average |
| <b>Individual Matters</b> |        |        |          |           |           |          |                 |
| New                       | 24     | 13     | -46%     | 227       | 198       | -13%     | 17              |
| Closed                    | 7      | 26     | +271%    | 236       | 256       | +8%      | 21              |
| <b>Multiples</b>          |        |        |          |           |           |          |                 |
| New                       | 0      | 1      | N/A      | 11        | 7         | -36%     | 1               |
| Closed                    | 0      | 0      | N/A      | 12        | 6         | -50%     | 1               |

NB: The count of individual matters include those dealt with as part of a multiple investigation. Individual matters progressed as part of a multiple account for 20% of the WIP

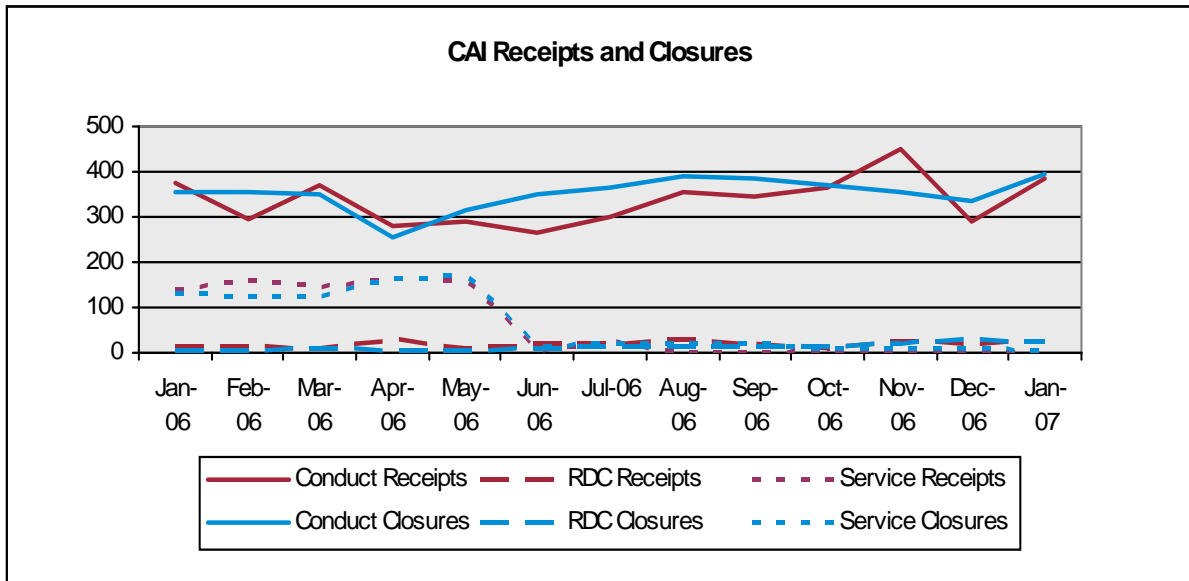
## Appendix 5: Regulation Unit: New cases and closures



|           | Month  |        |          | 12 Months |           |          |                 |
|-----------|--------|--------|----------|-----------|-----------|----------|-----------------|
|           | Jan-06 | Jan-07 | Variance | To Jan-06 | To Jan-07 | Variance | Monthly Average |
| New Cases | 287    | 391    | +36%     | 3834      | 4195      | +9%      | 350             |
| Closures  | 291    | 505    | +74%     | 3625      | 4063      | -6%      | 339             |

The chart shows that the seasonal surge in receipts has been higher than usual. This is largely due to the increased volume of S12 applications referred to on page 8.

## Appendix 6: CAI Receipts and closures

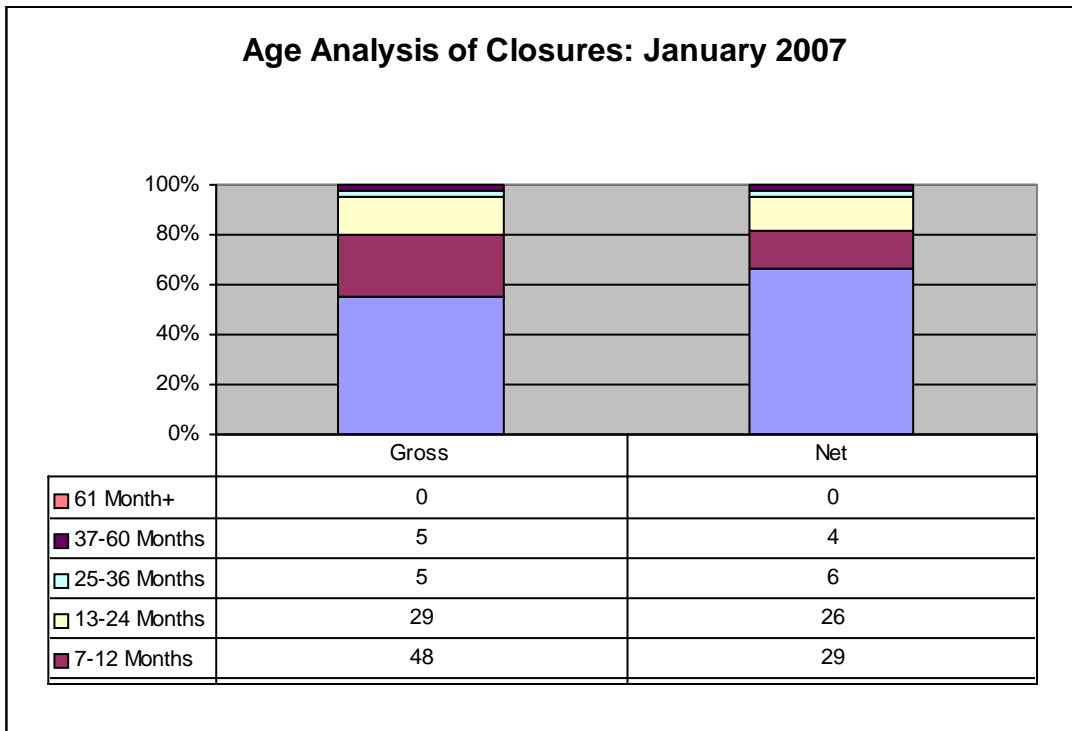


| Receipts     | Month      |            |             |             | 12 Months   |             |             |                           |
|--------------|------------|------------|-------------|-------------|-------------|-------------|-------------|---------------------------|
|              | Jan-06     | Jan-07     | Variance    | Split       | To Jan-06   | To Jan-07   | Variance    | Monthly Average To Jan-07 |
| Conduct      | 377        | 385        | +2%         | 94%         | 4104        | 3990        | -3%         | 333                       |
| RDC          | 14         | 25         | +79%        | 6%          | 73          | 234         | +221%       | 20                        |
| Service      | 142        | 0          | -100%       | 0%          | 1742        | 663         | -62%        | 55                        |
| <b>Total</b> | <b>533</b> | <b>410</b> | <b>-23%</b> | <b>100%</b> | <b>5919</b> | <b>4887</b> | <b>-17%</b> | <b>407</b>                |
| Closures     | Jan-06     | Jan-07     | Variance    | Split       | To Jan-06   | To Jan-07   | Variance    | Monthly Average To Jan-07 |
| Conduct      | 355        | 393        | +11%        | 92%         | 4798        | 4219        | -12%        | 352                       |
| RDC          | 7          | 26         | +271%       | 6%          | 22          | 167         | +659%       | 14                        |
| Service      | 132        | 7          | -95%        | 2%          | 1420        | 694         | -51%        | 58                        |
| <b>Total</b> | <b>494</b> | <b>426</b> | <b>-14%</b> | <b>100%</b> | <b>6240</b> | <b>5080</b> | <b>-19%</b> | <b>423</b>                |

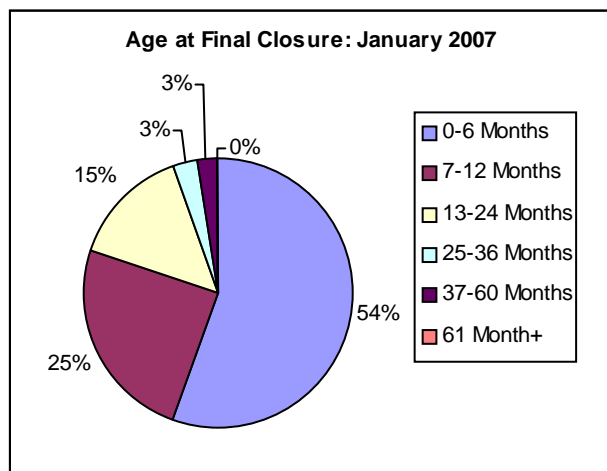
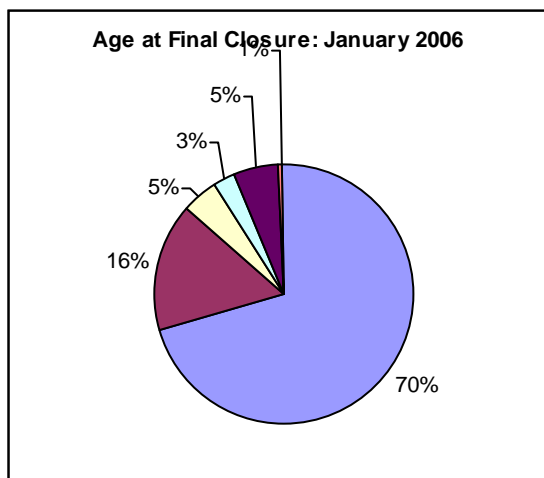
As well as the expected increase in volume of RDCs arising from the specialist matters handled in LCS, the overall number of RDC referrals has risen strongly over the past 12 months.

Because the RDC process was introduced in 2005, the closures to January 2006 cover the period when the process was being established. The figures are not therefore directly comparable to the 12 months to January 2007.

# Appendix 7: Compensation Fund: Age profile of closures



Gross = total age including days spent in abeyance. Net = total age minus days spent in abeyance.



| Age At Closure               | 0-6 months | 7-12 months | 13-24 months | 25-36 months | 37-60 months | 60+ months |
|------------------------------|------------|-------------|--------------|--------------|--------------|------------|
| Jan-06                       | 257        | 58          | 18           | 10           | 20           | 2          |
| Jan-07                       | 107        | 48          | 29           | 5            | 5            | 0          |
| % Variance: Jan-06 to Jan-07 | -58%       | -17%        | 61%          | -50%         | -75%         | -100%      |



## Appendix 8: Practice Standards Unit performance

| POST VISIT WORK   | Month      |            |             | 12 Months   |             |             |
|---|------------|------------|-------------|-------------|-------------|-------------|
|   | Dec-05     | Dec-06     | Variance    | To Dec-05   | To Dec-06   | Variance    |
| <b>Post Visit Reports Sent</b>                            | <b>88</b>  | <b>57</b>  | <b>-35%</b> | <b>1131</b> | <b>1019</b> | <b>-10%</b> |
| <b>Post Visit Correspondence Received</b>                 | <b>-</b>   | <b>204</b> | <b>-</b>    | <b>-</b>    | <b>3414</b> | <b>-</b>    |
| <b>Post Visit Correspondence Dealt With</b>               | <b>-</b>   | <b>191</b> | <b>-</b>    | <b>-</b>    | <b>3330</b> | <b>-</b>    |
| <b>No Response to Post Visit Correspondence Reminders</b> |            |            |             |             |             |             |
| 1st Reminders Sent  | 16         | 8          | -50%        | 147         | 235         | 60%         |
| 2nd Reminders Sent  | 12         | 10         | -17%        | 61          | 140         | 130%        |
| Final Reminders Sent                                      | 3          | 3          | 0%          | 47          | 57          | 21%         |
| <b>Total Reminders Sent</b>                               | <b>31</b>  | <b>21</b>  | <b>-32%</b> | <b>255</b>  | <b>432</b>  | <b>69%</b>  |
| <b>Satisfactory Responses To Reports Received</b>         | <b>90</b>  | <b>51</b>  | <b>-43%</b> | <b>975</b>  | <b>990</b>  | <b>2%</b>   |
| Post Visit 6 Month Reviews Completed                      | 100        | 70         | -30%        | 1108        | 1010        | -9%         |
| Post Visit 9 Month Reviews Completed                      | 1          | 0          | -100%       | 56          | 21          | -63%        |
| Post Visit 12 Month Reviews Completed                     | 83         | 45         | -46%        | 931         | 1043        | 12%         |
| Post Visit 15 Month Reviews Completed                     | 16         | 0          | -100%       | 75          | 56          | -25%        |
| Post Visit 18 Month Reviews Completed                     | 16         | 5          | -69%        | 92          | 174         | 89%         |
| Post Visit Additional Reviews Completed                   | 14         | 15         | 7%          | 176         | 167         | -5%         |
| <b>Total Post Visit Reviews Completed</b>                 | <b>230</b> | <b>135</b> | <b>-41%</b> | <b>2438</b> | <b>2471</b> | <b>1%</b>   |
| <b>Files Closed</b>                                       | <b>87</b>  | <b>88</b>  | <b>1%</b>   | <b>970</b>  | <b>1218</b> | <b>26%</b>  |

Post Visit data is given for the previous month to provide a more accurate view. This is due to the process for completing post visit tasks and returning the information to the office.

Due to the reduced number of lead visits both reports sent and satisfactory responses received are also down on last year. The number of visits completed has a direct impact on the number of reports sent and satisfactory responses received which explains the reduction for these indicators in 2006.

Reminders sent are up by 69% due to a new correspondence procedure being implemented at the beginning of 2006, which has provided the Unit with more accurate correspondence figures and an enhanced reminders process.

Files Closed are 26% up on last year due to a greater number of matters reaching the end of the review process.

| EDUCATIONAL PROGRAMME          | Month  |        |          | 12 Months |           |          |
|--------------------------------|--------|--------|----------|-----------|-----------|----------|
|                                | Jan-06 | Jan-07 | Variance | To Jan-06 | To Jan-07 | Variance |
| Client Care Seminars           | 6      | 1      | -83%     | 6         | 1         | -83%     |
| No. of Delegates Attending     | 379    | 35     | -91%     | 379       | 35        | -91%     |
| <b>Feedback From Delegates</b> | Jan-07 |        |          |           |           |          |
| Overall Satisfaction Level     | -      |        |          |           |           |          |

The Unit has a target of 30 client care seminars for 2007.

## Appendix 9: Compliance Directorate case study

Solicitors have a duty to co-operate with the Solicitors Regulation Authority in an 'open, prompt and co-operative way.' This is how the obligation is described in the new Solicitors' Code of Conduct expected to come into force later this year.

The Tribunal has always considered a solicitor's lack of co-operation with the regulator as a serious issue. The obligation to deal promptly and substantively with correspondence from the Authority (formerly the Law Society) is currently provided in the Guide to the Professional Conduct of Solicitors (1999). The provision is an obligation in itself and as such, a breach of it can amount to professional misconduct and commonly leads to a referral to the Tribunal.

The importance of co-operation with the Authority is highlighted in a more recent case where the Tribunal stated that the obligation exists even where the solicitor claims that the regulator's enquiries are wholly unjustified.

The Forensic Investigation Unit carried out an investigation into a practice and on finding discrepancies requested an interview with two solicitor partners. The request was met with a refusal to comply on the part of both solicitors who claimed that the Authority did not have a statutory right to conduct such interviews. The allegations against the two solicitors related to impropriety in relation to pension schemes.

The Authority's continued investigations were not assisted by the solicitors and these further investigations led to additional concerns about the solicitors' conduct. Further enquiries by the Authority led to numerous complaints, legal challenges and strong criticism from both solicitors about the Authority and those investigating.

Forensic Investigations prepared a report without the benefit of any response on the part of the solicitors. The report was passed to the Regulation Unit who, in accordance with usual procedure, wrote to the solicitors asking for their written explanations to a number of allegations. The solicitors instructed their own representative whereupon requests for extensions of time were made and further obstruction followed.

The solicitors' conduct was referred to the Tribunal. In this particular case, the main allegations against them were extremely serious and the Tribunal ordered that they be struck off the Roll and that they pay jointly and severally the costs of the Authority.

The failure to co-operate with the Authority's enquiries was considered by the Tribunal whose members commented that an obstructive attitude simply increases concern as well as increases costs for both sides. The findings of the Tribunal provide, "The Tribunal regards the obstructive attitude towards the profession's regulatory arm as unreasonable, improper and lacking any sense of proportion. As a matter of professional conduct, it is the Tribunal's view, that every solicitor has a duty to give an explanation of actions which in the [Authority's] reasonable opinion give rise to any question related to the proper performance of professional duties. The Tribunal considers this to be so even if the Respondent can claim he believes that The Law Society's questions are wholly unjustified."

NB: Some details have been omitted/changed to preserve confidentiality.

## Appendix 10: 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                | 15,768          | 15,768         | 15,148         | 620          | 3.93%         |
| Total Non-Staff Expenditure            | 8,677           | 8,677          | 7,882          | 796          | 9.17%         |
| <b>Gross Expenditure</b>               | <b>12,736</b>   | <b>12,736</b>  | <b>11,444</b>  | <b>1,293</b> | <b>10.15%</b> |
| INCOME                                 | (200)           | (200)          | (359)          | 159          | -79.62%       |
| <b>Net Expenditure</b>                 | <b>12,536</b>   | <b>12,536</b>  | <b>11,085</b>  | <b>1,452</b> | <b>11.58%</b> |
| Compliance Director's Office           | 1,741           | 1,741          | 1,812          | (71)         | -4.07%        |
| Regulation Board                       | 684             | 684            | 687            | (3)          | -0.40%        |
| Intervention & Disciplinary Unit       | 8,122           | 8,122          | 7,478          | 644          | 7.93%         |
| Regulation Casework                    | 4,245           | 4,245          | 4,110          | 135          | 3.18%         |
| Compensation Fund / STA / Adjudication | (2,256)         | (2,256)        | (3,003)        | 746          | -33.08%       |
| <b>Total Directorate</b>               | <b>12,536</b>   | <b>12,536</b>  | <b>11,085</b>  | <b>1,452</b> | <b>11.58%</b> |

Figures shown are for the financial year to December 2006. Net expenditure budget has been adjusted to account for non-recoverable VAT and central training.

### Monthly HR Update

- As at 31/1/2007 the FTE was 333 with 34 vacancies
- The budget FTE is 328
- There was 1 leaver in January

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%         | 8%                          |
| Black or black British       | 2%         | 5%                          |
| Chinese or other Asian group | 1%         | 0%                          |
| Mixed or unknown             | 14%        | 17%                         |
| White/European               | 79%        | 70%                         |
| F                            | 43%        | 21%                         |
| M                            | 57%        | 79%                         |
| 30 or below                  | 19%        | 2%                          |
| 31 - 40                      | 35%        | 24%                         |
| 41 - 50                      | 25%        | 36%                         |
| 51 - 60                      | 16%        | 27%                         |
| 61 or over                   | 5%         | 11%                         |
| Unknown                      | 1%         | 0%                          |

## Appendix 11: 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.

| <b>Strategic priority 1 : improving the speed with which complaints are handled</b> |                      |                     |   |                             |
|---|----------------------|---------------------|---|-----------------------------|
|   | <b>Current month</b> | <b>Year to date</b> | <b>Law Society Target</b>                   | <b>Variance from target</b> |
| <b>Target T1 Number of live cases open for 15 months or more</b>                    |                      |                     |   |                             |
|   | 256                  | N/A                 | By 31 March 2007 no more than 65 cases open | 191                         |
| <b>Target T2 Age profile of cases closed</b>  |                      |                     |   |                             |
| <b>Cases closed between 1 April 2006 and 31 March 2007</b>                          |                      |                     |   |                             |
| <b>Within 3 months</b>  | 60%                  | 58%                 | 57%   | 1%                          |
| <b>Cases closed that were received between 1 April 2005 and 31 March 2006</b>       |                      |                     |   |                             |
| <b>Within 12 months</b>   | 94%                  | 94%                 | 94%   | 0%                          |
| <b>Strategic priority 2 : improving the quality of complaints handling</b>          |                      |                     |   |                             |
| <b>Target Q6: Percentage of referrals to the LSO that are upheld</b>                |                      |                     |   |                             |
|   | 70%                  | 68%                 | 73%   | -5%                         |

| <b>Strategic priority 3 : implementing the plan for complaints handling</b>  |                      |                     |                           |
|--|----------------------|---------------------|---------------------------|
|  | <b>Current month</b> | <b>Year to date</b> | <b>Law Society Target</b> |
| <b>Target P1: The total budget to support the delivery of the plan.</b>  |                      |                     |                           |
| <b>Target P1</b>   | No Data              | No Data             | -10% to 0%                |
| <b>Target P2: All resources to support the delivery of the plan</b>  |                      |                     |                           |
| <b>Target P2</b>   | -6.9%                | -6.9%               | -10% to 0%                |
| <b>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.</b> |                      |                     |                           |
| <b>Target P3</b>   | 100%                 | 100%                |                           |
| <b>Target P4: Progress against the plan, targets and supporting KPIs, will be reported in line with the timescales agreed.</b>   |                      |                     |                           |
| <b>Target P4</b>   | 100%                 | 100%                |                           |

## Appendix 12: Glossary of terms

Terms used in this document:

|                                       |   |
|---------------------------------------|---|
| <b>CAI</b>                            | Conduct Assessment & Investigation Unit   |
| <b>CAU</b>                            | Customer Assistance Unit  |
| <b>CCC</b>                            | Customer Contact Centre (formerly CAU)  |
| <b>CCS</b>                            | Consumer Complaints Service   |
| <b>LCS</b>                            | Legal Complaints Service (formerly CCS)   |
| <b>SRA</b>                            | Solicitors Regulatory Authority   |
| <b>CDT</b>                            | Conduct complaint   |
| <b>Compliance Directorate</b>         | 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   |
| <b>CRO</b>                            | A service complaint   |
| <b>ENQ</b>                            | An enquiry or an initial request for details of the remuneration certificate process  |
| <b>LSO</b>                            | Legal Services Ombudsman  |
| <b>LSCC</b>                           | Legal Services Complaints Commissioner  |
| <b>RCA</b>                            | Remuneration Certificate Application  |
| <b>PSU</b>                            | Practice Standards Unit   |
| <b>Throughput</b>                     | The volume of cases passing through the Compliance Directorate from creation to completion  |
| <b>WIP</b>                            | Acronym for "Work In Progress", cases not concluded during the month, carried over from or to the following month   |
| <b>Decisions</b>                      | 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 |
| <b>Regulatory Conduct and Service</b> | 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        |
| <b>Intervention</b>                   | 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                           |
| <b>Inspections</b>                    | Term normally used in connection with Accounts Inspections by the Forensic Investigation department   |
| <b>Tribunal</b>                       | The independent Solicitors Disciplinary Tribunal (SDT)  |
| <b>FTE</b>                            | "Full-time equivalent", a measure of the number of staff.<br>The budget FTE - actual FTE equals the number of vacancies   |

### 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