



Solicitors  
**Regulation**  
Authority

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

June 2008

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This is the first quarterly edition of the SRA's Summary of Performance Measures and Statistics. Our focus for this month is on Interventions, which have shown a particular increase in frequency over recent months.

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**Note:** We are working towards ensuring the inclusion of Equality & Diversity data on our regulatory activities in future reports.

# Headline Summary

**Solicitors Disciplinary Tribunal** orders continue to show a year on year increase. Reprimands in particular are up, showing a rise of 78%.

The most common order made is a fine with an average of 9 fines issued per month.

▶ [see page 4](#)

Time to issue **SDT Prosecutions** reduced over this quarter, to an average of 5 months during June. The proportion of cases that were under the target of 6 months however, remains fairly low at 45%.

Although there has been a 12% increase in the number of cases in progress, the team has been able to reduce the proportion of those where we are yet to issue proceedings.

▶ [see page 5](#)

**Forensic Investigations** have increased the number of investigations in progress by 30% over the last 12 months. Visits resulting in adverse reports have increased in proportion because the number of cases where no serious breaches were found has reduced as a result of improved intelligence and analysis of risk.

▶ [see page 6](#)

The **Practice Standards Unit** is exceeding its target for numbers of visits undertaken this year to date, with over 700 inspections taking place during the last six months.

▶ [see page 7](#)

The **Conduct Investigation Unit** has seen an improvement in the age profile of its investigations over the last 12 months.

60% of **Regulatory Investigations'** investigations closed in the last 12 months resulted in allegations being upheld, or individuals being referred to the Solicitors Disciplinary Tribunal.

Timeliness here has also improved year on year, with a rise in the proportion of files closed within 6 months from 72% to 85%.

▶ [see pages 8 & 9](#)

**Interventions** are our particular focus for this quarter's report. Numbers of interventions taking place have risen 50% year on year, with increasing numbers where we had reason to suspect dishonesty. Breaches of the Solicitors Accounts Rules and Indemnity Insurance requirements are also increasingly leading to intervention.

Whilst the majority of interventions involve sole practitioners, an increasing proportion are into 2 to 4 partner firms.

More detailed explanation of the circumstances in which we would consider intervening, what happens during an intervention and then after the firm has closed down can also be found alongside the statistical summary.

▶ [see pages 10 - 12](#)

The average value of claims made on the **Compensation Fund** has increased from around £6,000 to almost £23,000, whilst the number of claims received has fallen.

Outstanding liability on the fund has risen significantly over the first six months of this year and now stands at £23.7 million.

▶ [see page 13](#)

The **Contact Centre** has achieved much improved abandonment rates and service levels on last year, with a subsequent drop in calls received due to less people abandoning their call and ringing in again later.

A dedicated line for help with the solicitors' annual renewal exercise was welcomed by the profession who made over 7,000 enquiries about retaining their position on the roll.

▶ [see page 14](#)

Our **Ethics Guidance Helpline** continues to deliver improvements to their service, with abandonment rates falling month on month and service levels showing consistent improvement across the first six months of this year.

Written enquiries are also being handled in a more timely manner, with the vast majority completed within the new 10 working-day target.

▶ [see page 15](#)

# Legal 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 a solicitor from the roll, suspend a solicitor from practice and to apply fines and reprimands. There are also some non-solicitors brought before the Tribunal by the SRA under Section 43 of the Solicitors Act 1974.

Orders made by the SDT are recorded by the SRA 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 referred to the SDT are often a combination of matters, frequently originating in different SRA Units, brought together into one application to the Tribunal by the Disciplinary Team.

SDT Orders	12 months to Jun 07	12 months to Jun 08	Variance	Monthly Average to Jun 08
Fined	89	111	+25%	9.3
Struck Off	73	63	-14%	5.3
Suspended	38	54	+42%	4.5
No Order	7	8	+14%	0.7
Reprimand	18	32	+78%	3
Other	26	27	-4%	2.2
<b>TOTAL</b>	<b>252</b>	<b>294</b>	<b>+17%</b>	<b>24.5</b>

This SDT made 62 orders on Tribunal Proceedings brought by the SRA against solicitors in the second quarter of 2008. The table above gives a breakdown of orders made in the last 24 months, showing a year on year comparison.

The most common order made is that of a fine, with an average of 9.3 each month since July 2007.

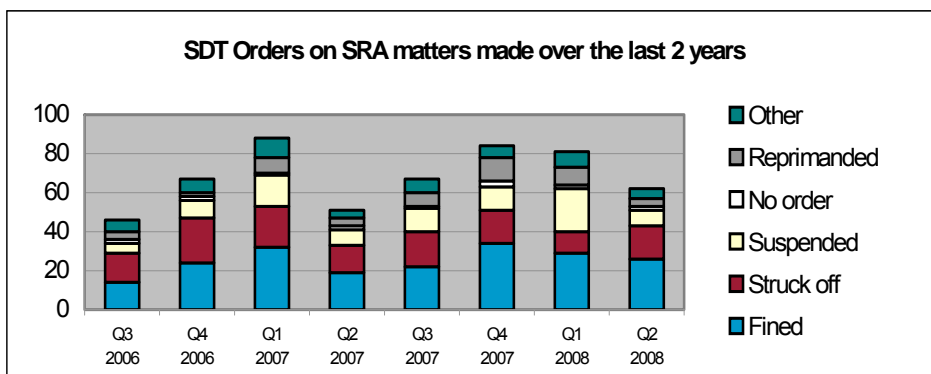
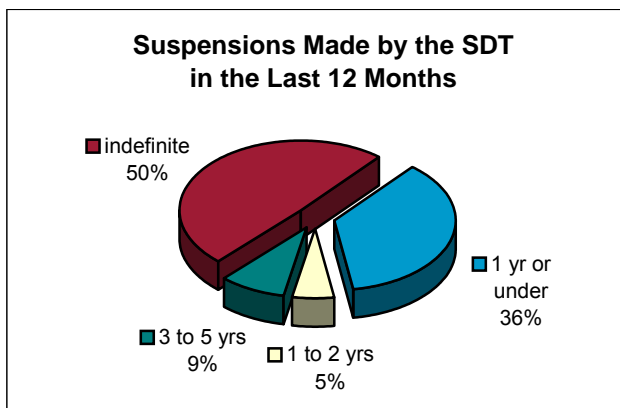
There has been a large increase in the number of reprimands issued by the SDT on SRA matters year on year: 32 in the last 12 months as compared with 18 in the 12 months previous.

Suspensions have also increased significantly year on year, with half of those made in the last 12 months being indefinite suspensions. Where the order was made for just a fixed period of suspension, this would most commonly be for 1 year or less. This increase in suspensions accompanies a decrease in the number of orders to strike someone from the roll of solicitors.

Orders included under the 'other' category include Section 43 orders, Section 47.2(g) orders and orders to pay costs only.

Section 43 orders relate to non-solicitors. They are used to prevent a solicitor from employing a person subject to the order without first obtaining the written permission of the office. Numbers of Section 43 orders have remained consistent year on year.

Section 47.2(g) allows for a condition to be placed upon a former solicitor who has been removed from the roll so that they may not be restored to the roll except by means of an order of the Tribunal.



The number of orders issued over the last two years is shown quarter by quarter in the graph on the left.

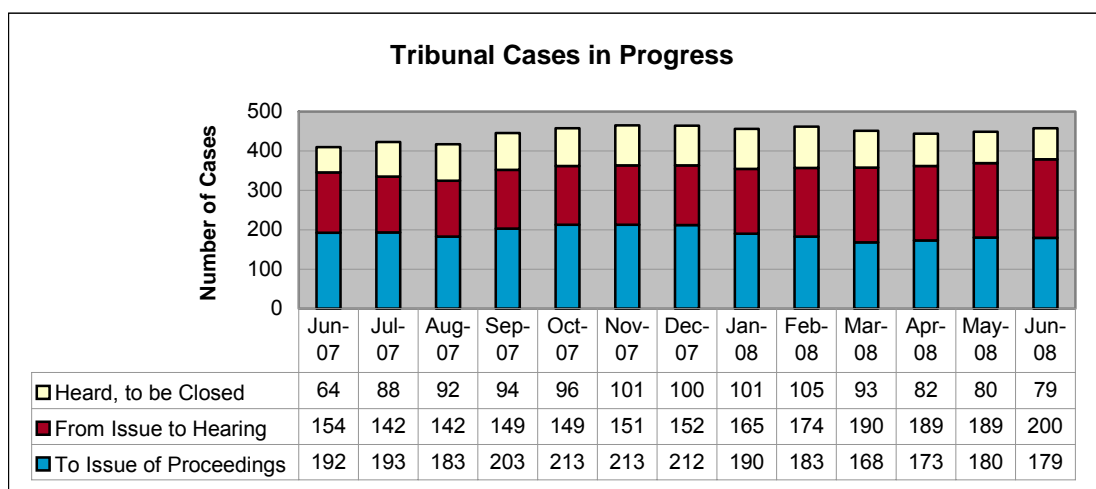
This shows that the recent increase in suspensions has actually tailed off over this last quarter, with orders to strike off increasing again. The number of reprimands has been much higher than was seen in 2006.

# Legal Prosecutions

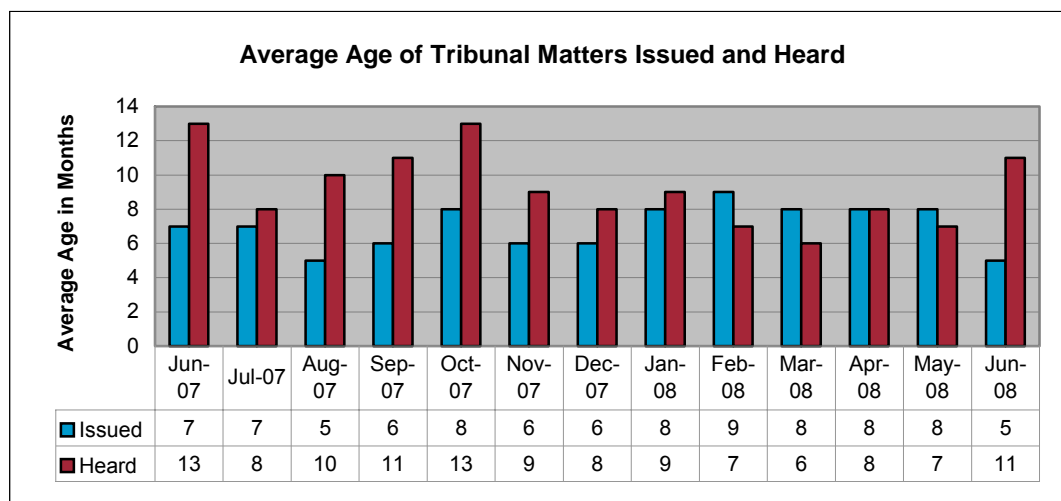
The **Disciplinary Proceedings Team** is responsible for the prosecution of solicitors before the Solicitors Disciplinary Tribunal (SDT) and the conduct of litigation in respect of the exercise of the SRA's regulatory powers. The recovery of the costs associated with these activities is handled by the Client Protection Directorate.

Tribunal Cases	12 months to Jun 07	12 months to Jun 08	Variance	Monthly Average to Jun 08
New Cases	314	339	+8%	28
Closed Cases	307	294	-4%	25

The following chart shows the number of Tribunal cases in progress as at each month end. We are currently working on putting together a case to lodge with the SDT in around 40% of these matters, with the majority of other cases already prepared but awaiting hearing at the SDT.



In addition to these 458 Tribunal proceedings, there are also 31 Applications by Solicitors / Clerks (ASC matters) in progress where the SRA is the respondent in appeals being made directly to the Tribunal about previous Section 43 orders or a decision to remove or suspend an individual from the roll of solicitors.



The Unit has achieved a good average for the time taken to issue proceedings in June against their target of 6 months, but over this quarter, just 45% of matters were issued within target. This is an improvement on last quarter, but lower than the levels achieved during 2007 when 54% of matters were issued within 6 months.

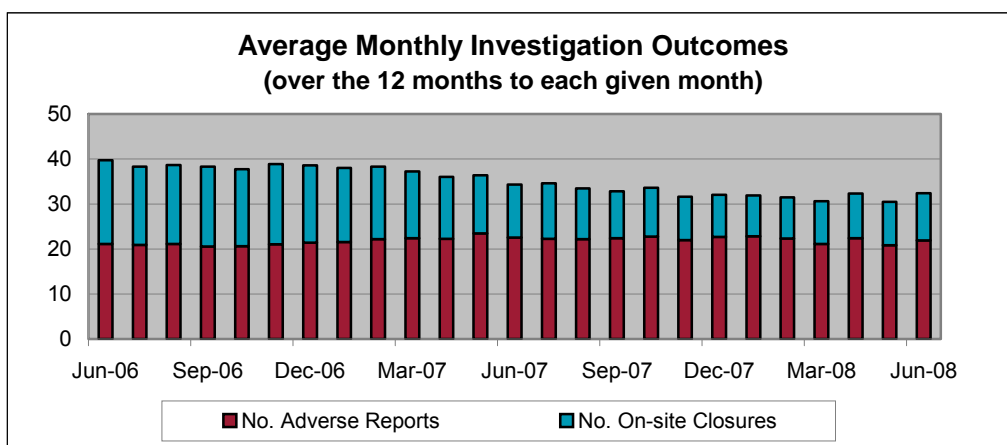
A new Tribunal matter is created when the decision is made to refer the matter to the SDT. The Disciplinary Team's target is to issue proceedings within the next 6 months. The SDT, in turn, aims to hear matters within 6 months of issue. This chart shows the average age of Tribunal matters issued by the Disciplinary team in a given month, along side the average time taken from issue to the hearing date at the Tribunal.

## Inspection & Investigation Forensic Investigations

Forensic Investigations (FI) carries out targeted investigations of firms following the risk assessment of internal referrals from a variety of departments. FI Investigators visit firms and adduce evidence of the misuse of client money, serious misconduct or malpractice, dishonesty, fraud, money laundering etc.

At the conclusion of an investigation, an on-site certificate is issued to the firm where the identified breaches or conduct are not material or minor corrective action is required following an investigation. Alternatively, an adverse report will be 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 referred to other departments within the SRA responsible for enforcement actions.

Over the long term, there has been an increasing trend in the proportion of adverse findings made by FI. The graph shows the average number of closures split by those which involved an adverse report, and other investigations concluded.

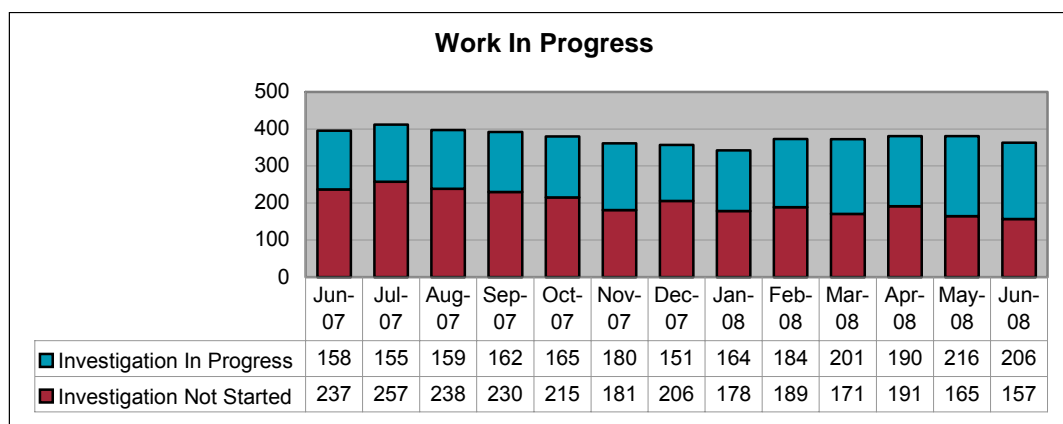


Resource has been much better focussed on firms posing

serious regulatory risk over the 2007 and 2008, with very similar numbers of adverse findings to those seen in 2005 and 2006, but many fewer visits that did not turn up serious breaches, and were closed on-site or shortly after without any adverse report.

Forensic Investigations	12 months to Jun 07	12 months to Jun 08	Variance	Monthly Average to Jun 08
New Investigations Authorised	437	436	-0%	36.3
Investigation Concluded	412	389	-14%	32.4
Rescinded / Other	49	79	+61%	6.6

The table above shows throughput figures for the unit. The numbers of new investigations authorised (indicated by the creation of a new file) have been steady year on year. The closure figures are split to show those investigations that reached conclusion against those that were rescinded where no investigation took place (for example if the firm no longer poses such a risk, or has closed down). The number of investigations concluded year on year is affected by resource required for training of new staff members, as well as by the increased proportion of visits involving an adverse report, referred to above, which will often take longer.



The work in progress of FI consists of all authorised investigations. The investigation may not commence immediately, so a proportion of their open matters are those still awaiting a visit. The number of investigations currently in progress has increased over the year, and at the end of June, Forensic Investigators were actively engaged in visiting, or undertaking post-visit work relating to over 200 different firms, whilst the number of investigations authorised but not yet started has been reduced by 100 over the last 12 months.

# Inspection & Investigation Practice Standards Unit

The role of the **Practice Standards Unit (PSU)** is to improve standards of practice in the profession through the promotion of client care and practice excellence. This is achieved through 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 SRA'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.

PERFORMANCE MEASURES YTD	To Jun-07	To Jun-08	To Jun-08 Target	Variance to Target
Full Risk Profiles Completed	530	724	630	15%
Total Visits Completed	423	611	579	6%
Client Care Seminars	1	12	15	-20%

## Visit Grading System

Visit Grade	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Overall Grade	Apr-08	May-08	Jun-08
A	5	3	9	20	9	16	6	11	16	10	1	3	0	
B	51	60	41	68	68	54	29	52	75	58	2	2	0	
C	19	14	19	26	13	25	10	31	35	21	3	7	4	
D	1	1	6	4	6	5	4	5	5	2	4	9	8	3
No Grade	3	0	0	0	0	0	0	0	0	0	5	22	23	12
Awaiting Grade	0	0	0	0	0	0	0	0	4	14	6	10	2	9
Total Visits	79	78	75	118	96	100	49	99	135	105	7	16	8	4
% Grade C / D	26%	19%	33%	25%	20%	30%	29%	36%	30%	22%	8	3	2	1
											9	0	0	0
											Awaiting Grade	25	25	58
											Total Visits	101	80	91
											% Grade 5 - 9	50%	33%	-

In April a new grading system has been introduced based on a 1 to 9 scale, 1 being the least serious and 9 being the most serious. The system makes use of the SRA risk classification and aims to be more systematic in its approach.

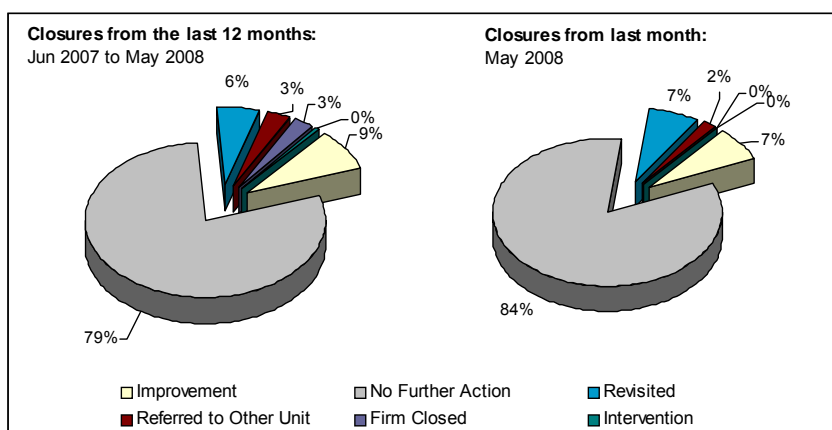
Those visits 'awaiting grade' will be given a grade once the necessary post-visit work is complete, and the grading figures will be amended retrospectively.

## Internal Referrals

2.0% of firms were formally referred to another SRA Unit for action during May, as compared with an overall percentage over the 12 months to May of 6.4%.

In addition, 2 intelligence referrals were made (47 in the last 12 months) where information was shared with other departments for future reference.

## Final Outcomes



Each visit file is given a final outcome upon closure.

In the last 12 months 87.7% of files have been closed with either Improvement or No Further Action.

Please note that the 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.

# Regulation Response Conduct Investigation Unit

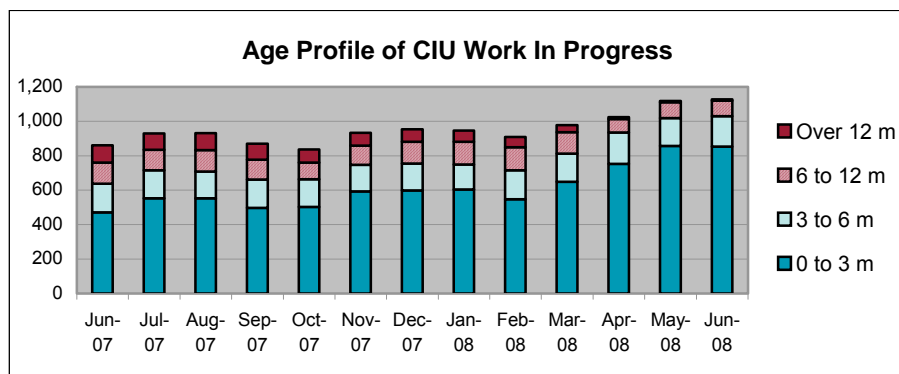
The **Conduct Investigation Unit** (CIU) deals initially with all third party (non-client) complaints of misconduct received by the SRA (CDT matters), as well as referrals of conduct information from the LCS (Redress Conduct matters - RDC). The majority of CIU's workload consists of assessing and closing complaints where there is no issue or evidence of misconduct. CIU 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. Details of current performance against LSCC targets can be found in Appendix 2 on page 17.

## Age Profile of Investigations

The graph shows the age profile of investigations ongoing in CIU as at the end of each month.

There has been a significant reduction in the number of cases running over 12 months during the last year, with a recent increase in files less than 3 months old due to a large influx of new RDC matters.

12 months ago, 12% of investigations were over 12 months old. The figure now is less than 1% with just 9 investigations over 12 months old still ongoing within the unit.



RDC files are conduct investigations generated by referrals from the LCS. The eligibility of a file for referral is now considered at 3 months, rather than at 6 months. This change appears to have caused a large increase in the number of matters being referred over to the SRA for investigation into a solicitor's conduct.

## Investigative Outcomes

The table shows the breakdown by outcome of all files closed in the last 12 months and 12 months previous:

CIU File Outcomes	12 months to Jun 07	12 months to Jun 08	Variance	Monthly Average to Jun 08
<b>Not Upheld</b>	<b>4164</b>	<b>4104</b>	-1%	<b>342</b>
Excluded matters	477	387	-19%	32
Required no regulatory action	3687	3717	+1%	310
<b>Upheld</b>	<b>664</b>	<b>640</b>	-4%	<b>53</b>
Letter of Advice	189	219	+16%	18
Formal decision made	475	421	-11%	35
Regulatory Settlement Agreement	0	0	-	0
<b>Referred to SDT (see notes)</b>	<b>60*</b>	<b>149</b>	-	<b>12</b>
<b>Other</b>	<b>40</b>	<b>10</b>	<b>-75%</b>	<b>1</b>
<b>TOTAL</b>	<b>4928</b>	<b>4903</b>	<b>-1%</b>	<b>409</b>

There has been a 16% increase in the number of letters of advice issued in the past 12 months compared to the previous 12 months. This is a result of improved focus on risk-based and proportionate responses to the reports of misconduct we receive.

Reductions in excluded matters are a result of the transfer of specialist work to the LCS in 2006.

The significant rise in matters with the outcome 'Referred to SDT' is due to changes to the set of outcome codes made in December 2006 when this particular code was introduced. Prior to this, any matters referred to the Tribunal upon closure would have been counted under the 'Formal decision made' category.

Combining these two categories for the last 24 months gives an overall increase of 7% in the number of files where allegations were either formally upheld or were referred to the SDT upon closure year on year.

\* The 60 matters referred to the SDT upon closure relate only to files closed since December 2006 when this outcome code was introduced, not to a full 12 month period. The year on year variance is therefore not shown.

# Regulation Response

## Regulatory Investigations

**Regulatory Investigations (RI)** imposes Practising Certificate controls under Section 12 and 13 of the Solicitors Act 1974, deals with applications for approvals by solicitors and unadmitted persons, investigates information about regulatory breaches and deals with FI reports.

REGULATORY MATTER DECISIONS	12m to Jun 07	12m to Jun 08	Variance	Monthly Average to Jun 08
PC Conditions	1906	1968	+3%	164
Intervention *	58	92	+59%	8
Referral for Disciplinary Proceedings	365	397	+9%	33
Vest Discretion	232	242	+4%	20
No Action	234	211	-10%	18
Accountants Reporting Issues	834	819	-2%	68
Finding/Warning/Rebuke/Reprimand	354	392	+11%	33
Other	347	363	+5%	30
Costs Directions	376	386	+3%	32
<b>TOTAL</b>	<b>4330</b>	<b>4484</b>	<b>+4%</b>	<b>374</b>

### Notes

Please note that any one firm under investigation may generate multiple decisions. It does not necessarily follow, for example, that each decision to intervene shown above will result in a new intervention.

\* Numbers of Intervention decisions shown above have fallen as they now exclude any 'intervention powers arisen' decisions where a firm is notified that we have grounds to intervene, but will not actually do so at that point if the firm can take immediate steps to put right the problems identified. These are now within 'other'.

During the last 12 months, RI finalised **2,313** applications and concluded **1,858** investigations.

### Applications:

Of those applications, **1,223 (53%)** were from individuals required to notify us of their intention to apply for a PC as they are subject to Section 12 of the Solicitors Act 1974. Section 12 gives us discretion with respect to issue of practising certificates in special cases - for example, those who are applying for the first time or after a period of suspension. These notifications are received by the Information Directorate who will deal with any straightforward applications and refer the remainder on to RI.

This equates to an average of **48** applications a month from individuals newly subject to Section 12, plus another **54** each month from those who were already subject to Section 12 when they applied for their current PC and are looking to renew. Any conditions on their current PC may be continued, varied or lifted. These are distributed unevenly throughout the year however, as levels peak around PC renewal time in the Autumn.

We are seeing an increasing trend in the numbers of other types of regulatory application over the long term, such as applications for approval of employment under Section 41 and 43, and those relating to the waivers or extensions in respect of the delivery of Accountants' reports. **41%** of applications dealt with by RI in the last 12 months fall into this category.

### Investigations:

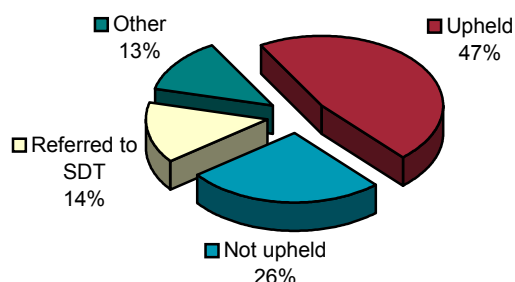
- The allegations under investigation were upheld in **866 (47%)** cases.
- **256 (14%)** resulted in a referral to the SDT.
- **490 (26%)** were not upheld.

The majority of investigations with 'other' outcomes were closed due to other ongoing action relating to the firm or individual.

### Timeliness:

RI have improved the timescales within which matters are concluded, with 85% of files closed in the last 12 months taking 6 months or less, up from 72% in the 12 months previous.

**Regulatory Investigations closed in the last 12 months showing outcome**



# Client Protection Interventions

Client Protection conducts interventions into solicitors' practices, oversees the recovery of client papers under paragraph 3 of Schedule 1 or Section 44B of the Solicitors Act 1974 and deals with the recovery of costs associated with these activities. They also administer the Compensation Fund and deal with the client monies and papers left at a practice when it closes down.

## *Why does the SRA sometimes have to intervene into a solicitor's practice?*

*"The purpose of intervention is to allow the Law Society to protect the public interest against the activities of dishonest or incompetent solicitors and to avoid possible financial defaults by solicitors."*

(Mr Justice Neuberger, Kevin Dooley -v- The Law Society (2000))

An intervention is not a disciplinary outcome in relation to the solicitor involved, but a regulatory step designed to protect clients' interest and clients' money.

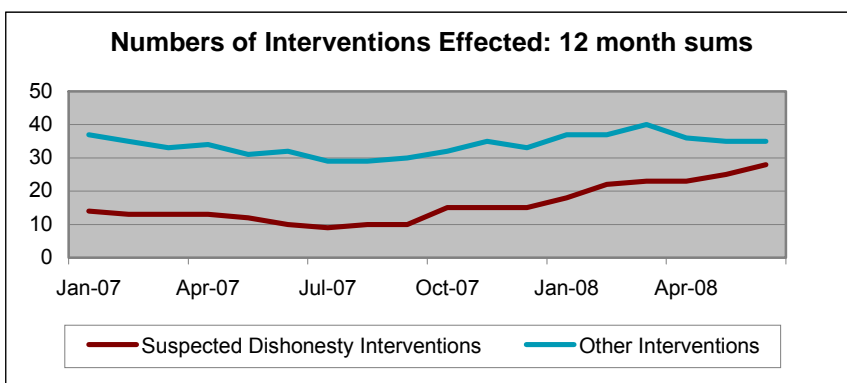
The decision to intervene is one that must be made by an adjudication panel due to the gravity of the consequences.

One of the caseworking units will prepare a paper for the panel, outlining their recommendation, and if the panel do resolve to intervene the matter is quickly passed to the Interventions Team in Client Protection who then have tight timescales in which to act to effect the intervention.

12 m FIGURES	INTERVENTIONS EFFECTED	Suspected Dishonesty	No Suspected Dishonesty	Sole Practitioner	2 - 4 Partner firm
12 m to Jun 08	63	28	35	48	15
12 m to Jun 07	42	10	32	38	4
% variation	+50%	+180%	+9%	+26%	+275%

Interventions have increased by 50% year on year, with the proportion of those effected on the grounds of reason to suspect dishonesty also increasing. 44% of interventions effected in the last 12 months involved suspected dishonesty, as compared with 24% in the previous 12 months.

The chart below shows that this increase in numbers of interventions is due mainly to the growth in numbers of interventions featuring suspected dishonesty, as opposed to those effected solely on other grounds.



During the last quarter, there were 12 interventions effected, 7 of which were on the grounds of suspected dishonesty. This gives us the highest proportion of suspected dishonesty interventions since the 3rd quarter of 2004.

All 12 were effected within target. The target is to effect the intervention within 3 working days where dishonesty is suspected, or within 5 working days otherwise.

The chart on the next page shows a longer term view of numbers of interventions effected.

## *What happens during an intervention?*

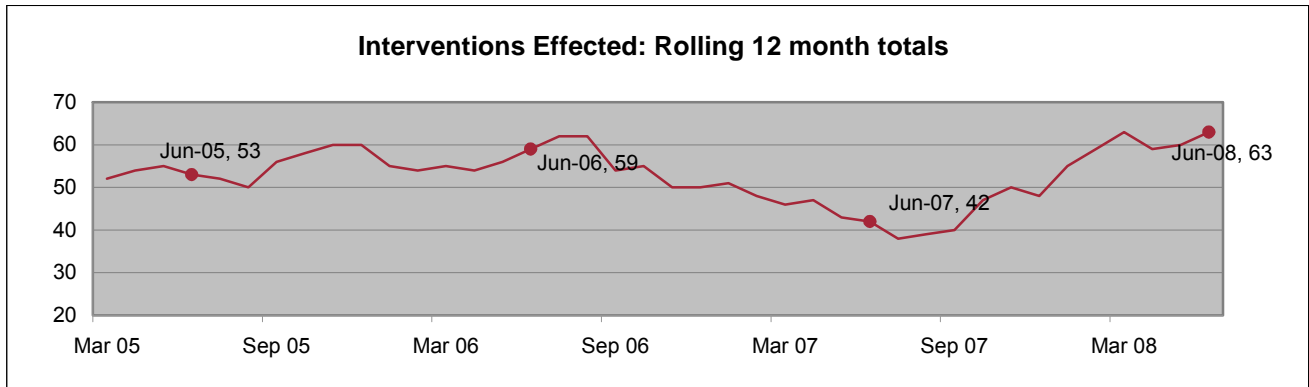
The interventions team will make arrangements as soon as a decision is made. Where suspected dishonesty is involved, they aim to effect the intervention within 3 working days, 5 for all other grounds. The practice accounts are frozen and a member of the team will then attend the firm's premises with the intervention agent (an external solicitor appointed by the SRA).

The firm ceases to exist, and all monies and documents vest in the SRA.

The intervention agent will then identify the live files, and in particular any urgent matters. The SRA's Compensation Fund grants any emergency funding that may be required (such as completion monies for property purchases) to ensure that disruption to the public is minimised.

# Client Protection Interventions - long term trends, firm size

## Long term trends

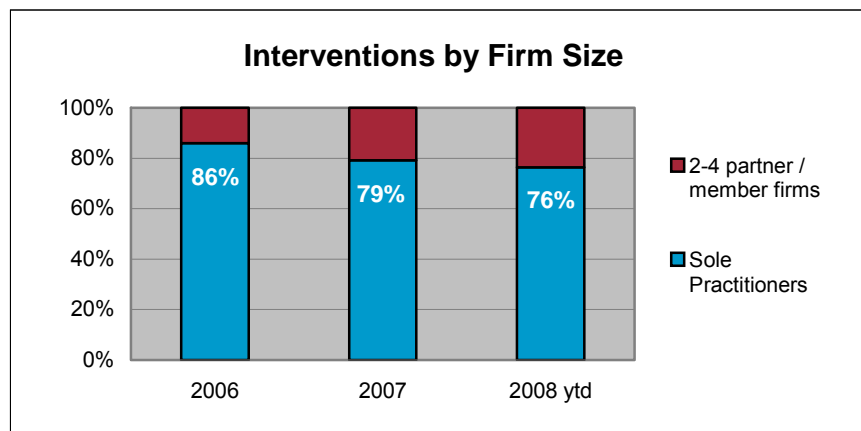


We are currently seeing the highest number of interventions for some time. The graph above shows the recent increase, following lower numbers during 2006 and early 2007. Levels have been even higher in the past however, with in excess of 80 firms being closed down each year from 1999 to 2001. The increase could be due to a number of factors and it has not been possible to pin down any particular root-cause of the recent growth.

## Firm Size

The majority of interventions are into practices run by an individual. No firm larger than 2-4 partners (or members if an LLP) have been intervened into for at least the last two and a half years.

This year to date, 76% of interventions have been into sole practitioners' firms with an average of 4.0 sole practitioner's firms being intervened into each month over the last 12 months.



This proportion has decreased year on year, however, with interventions involving between 2 and 4 partners conversely increasing from 10% to 24% of those effected. The figures on the previous page show there has been an increase year on year of 10 sole practitioner interventions and 11 firms of 2 to 4 partners intervened.

### ***In what circumstances would the SRA consider intervening?***

There is a two-fold test applied when considering whether to intervene into a solicitor's practice.

Firstly, there are specific legal grounds for intervention set out in the Solicitors Act 1974 which must be satisfied. These include circumstances such as reason to suspect dishonesty, abandonment of practice, incapacity through illness or accident, or failure to comply with the SRA's Code of Conduct, Solicitors Accounts Rules or Indemnity Insurance requirements.

Secondly, the panel must also be satisfied that an intervention is necessary, and is in the public interest. They will consider the serious consequences to the solicitor involved along side the possible detriment to the public if the solicitor is allowed to continue practising.

Trends in grounds for intervention are discussed on the next page.

# Client Protection

## Interventions - grounds for intervention, post-intervention

### Grounds for Intervention

The most common grounds of intervention over the last 12 months have been the following:

- Suspected Dishonesty
- Breaches of the Solicitors Accounts Rules
- Breaches of the Solicitors Practice Rules or Code of Conduct

The following table shows the frequency with which different grounds of intervention have featured over the last 24 months. Since an intervention may take place on multiple grounds, there are more grounds listed here than interventions. The numbers show the number of different interventions which featured each particular ground, while the percentages show the corresponding proportion that this represents.

Grounds of Intervention	12 months to Jun 08		12 months to Jun 07	
	No. Interventions	% of Interventions	No. Interventions	% of Interventions
<i>For the 42 interventions in the 12 months to Jun 07 and the 63 interventions in the 12 months to Jun 08</i>				
Abandoned practice	8	13%	6	14%
Bankruptcy	8	13%	6	14%
Breaches of Solicitors Accounts Rules	27	43%	12	29%
Breaches of Indemnity Insurance Rules	5	8%	0	0%
Practice Rule / Code Breaches	13	21%	10	24%
No Practising Certificate Held	3	5%	1	2%
Failed to comply with a condition	1	2%	0	0%
Incapacitated by illness / accident	1	2%	2	5%
Struck off or suspended	5	8%	3	7%
Suspect dishonesty	28	44%	10	24%
Undue delay by solicitor's personal representatives	3	5%	2	5%

The highlighted sections on the table above are the areas which have shown a marked increase year on year.

Suspected dishonesty is a key factor which has been monitored through previous reports.

In addition to this, there have been significant increases in instances of Solicitors Accounts Rule breaches and failures to meet Indemnity Insurance requirements that have led to intervention.

### **Following an Intervention:**

The SRA becomes the trustee of any monies held by the firm on intervention and has a duty to try to return the money to those who have a beneficial entitlement to it.

The Intervention Agent will attempt to reconcile the client money held with clients' actual entitlement, but often there will be papers and monies that cannot be traced to their rightful owner because many firms who are intervened have not kept reliable records of their accounts. The SRA's Accounts Assessment team will continue the work in-house, and our Intervention Archives will catalogue and store all of the practice papers until these are requested by clients. Original documents such as wills and deeds are identified, and special efforts are made to return these to those who may require them in the future.

While this complex reconciliation of the accounts takes place, individuals who have lost money that was in the practice accounts may make a claim on the Compensation Fund. If a grant is made to a client from the Compensation Fund and that money is later identified amongst funds held on trust from the client account, the Compensation Fund may be reimbursed through a subrogated claim.

The solicitor(s) whose practice has been intervened is personally liable for the SRA's costs of intervention, and the Cost Recovery Team deals with this aspect of the post-intervention work. The solicitor's Practising Certificate will usually be suspended, and their conduct may be referred to the Solicitors Disciplinary Tribunal, although an SDT referral would be uncommon in cases of Bankruptcy or Incapacity.

## Client Protection Compensation Fund

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 vast majority of claims on the Fund relate to firms that have been intervened. The Compensation Fund works together with the Accounts Assessment Team who hold a firm's monies on trust following an intervention to ensure that a firm's clients, any agents owed fees or lending institutions who may have had funds held in a solicitors accounts are protected in the event of an intervention.

### Claims and Payments made in the last 24 months

Amounts in £ million	STANDARD CLAIMS			EMERGENCY FUNDING		
	new claims	value of claims	£ paid out	new claims	value of claims	£ paid out
<b>12 m to June 08</b>	1449	£33.07 M	£8.06 M	31	£1.39 M	£1.51 M
12 m to June 07	2884	£18.34 M	£7.88 M	13	£0.93 M	£0.98 M
variance	- 50%	+ 80%	+ 2%	+ 138%	+ 48%	+ 54%

Claims relating to emergency funding are shown separately to all others, and the analysis period now covers the last 24 months. The figures shown are those currently recorded so historical claim values may have been altered since previous reports where the claim value changes during the course of an investigation.

In particular, emergency funding claim values are adjusted once any unused funds have been returned (with interest), so the value of claims will often decrease significantly within a few months of receipt.

The amount paid out remains reasonably steady year on year, whilst the number of new claims has halved over the same period. The average value of each claim has increased significantly (from around £6,000 to almost £23,000), with the overall value of claims now showing a significant increase year on year.

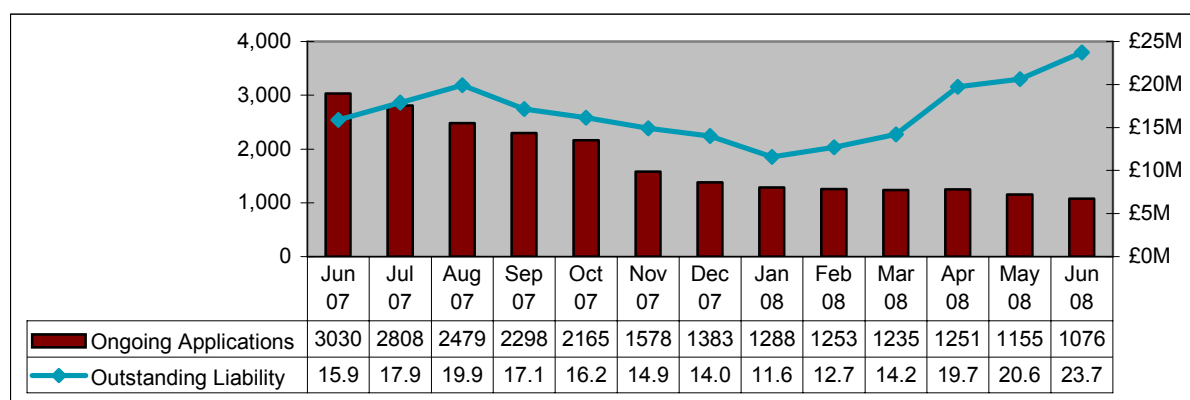
Payments on claims due to mortgage fraud or a misappropriated mortgage advance show a particular increase year on year, with just over £475,000 being paid out in the last 12 months.

### Payments on Applications Concluded

The following table shows the overall value represented by the claim files closed in the last 12 month and 12 months previous, against the amount paid out on these particular applications. Both the amounts involved and proportion of the claim that was successful have decreased year on year.

Amounts in £ million	TOTAL CLAIMED	TOTAL PAID OUT	% PAID OUT OF AMOUNT CLAIMED
<b>12 m to Jun 08</b>	<b>£40.02 M</b>	<b>£9.48 M</b>	<b>24%</b>
12 m to Jun 07	£46.58 M	£16.14 M	35%
variance	-14%	-41%	-32%

### Outstanding Liability



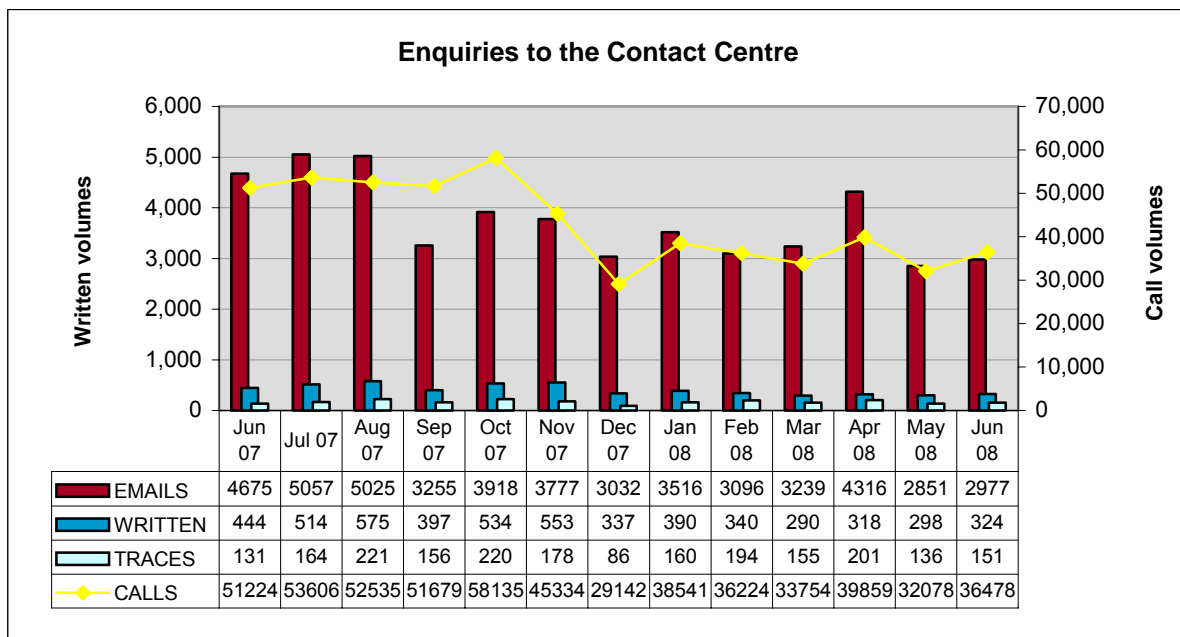
The number of applications open has fallen slightly over the last quarter, and now stands at just over 1,000.

Outstanding liability has however increased dramatically over the last six months, with more high-value claims being made on the fund.

## Contact Centre

The volume of calls into the Contact Centre has remained reasonably steady throughout 2008, at levels much lower than were seen in 2007. Improved knowledge and experience within the team has allowed calls to be handled much more quickly and effectively, resulting in significant improvement in abandonment rates. Compared to the same period in 2007, over 30,000 fewer calls have been abandoned. Many abandoned calls are known to cause repeat calls, thus increasing call volumes. Improvements in the Contact Centre service over the last year have resulted in a 25% reduction in calls this quarter (some 36,000 calls), compared with the same period in 2007.

The service level has been above 80% for April, May and June peaking at 87% during May to exceed their target level for 2008 of 70%. Abandonment rates have remained low, with just 3.7% of calls abandoned during the quarter, compared to 26% in the same quarter of 2007.



## Operations Unit

The Operations Unit is responsible for the regulatory exercises including PC renewal, solicitor annual enrolment and student enrolment and for maintaining the roll of solicitors through record changes.

Student enrolment is currently underway, with around 9,000 applications dispatched. Any students planning to start their Legal Practice Course this September must have enrolled with the SRA prior to commencing their studies. So far this year to date we have enrolled 5,446 students, a very slight increase on last year's levels (5,381 January to June 2007.)

The annual renewal for solicitors who wish to remain on the roll (although not currently holding a practising Certificate) concluded in May with over 22,000 solicitors choosing to retain their place on the roll. Following last year's successful pilot, a proportion of these renewals took place via a new simplified process which enables more detailed consideration of applications from individuals posing greater regulatory risk. A dedicated helpline service for these renewal applications was running in the Contact Centre from March to June, and received over 7,000 enquiries.

The unit continues to make preparations for entity based regulation in line with the commencement of the Legal Services Act.

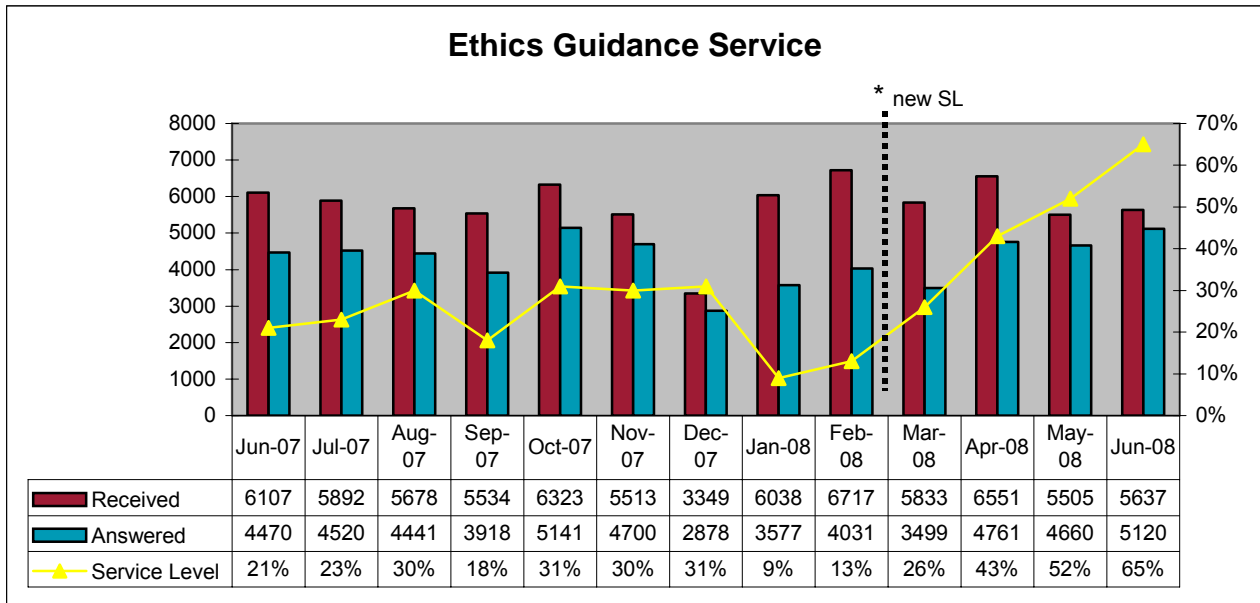
## Caseworking & Applications Unit

The high levels of QLTT applications are now easing off, with numbers received in June similar to monthly levels for 2007. We have received more applications in the last six months however, than for the whole of 2007. The increased levels were anticipated due to the proposed revision of the Qualified Lawyers Transfer Regulations.

Numbers of applications to register training contracts show a slight increase, with nearly 1,300 this year to date. This is a 3% rise on January to June 2007.

# Regulation Standards Ethics Guidance Service

The **Professional Ethics Guidance Team** provides confidential guidance to help solicitors comply with their professional obligations.



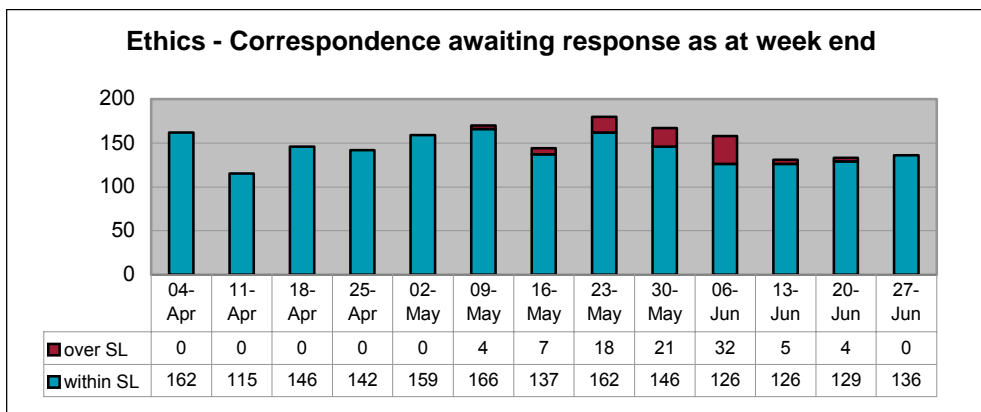
The Service Level on the graph above shows the percentage of calls that were answered within target timescales. Prior to 25 February 2008, this was 30 seconds. The service level target has now been revised, and all calls received since 25 February this year are measured against a target of 60 seconds.

The Ethics Guidance Helpline has been working since February this year to its extended opening times to 9 to 5, and the team has delivered consistent improvements in service levels since that point, indeed throughout this year.

The number of calls answered this quarter is the highest we have seen since the first quarter of 2007, and abandonment rates have been falling month on month. In June, just 9% of calls to the Helpline were abandoned.

The most common areas on which the profession are seeking advice are the following:

- Confidentiality and disclosure
- Conflicts of interest
- The Solicitors' Accounts Rules



Written enquiries are now handled to an improved timescale, with the number of outstanding items remaining much lower throughout this quarter than was seen previously. The number falling outside the 10-working day service limit rose towards the end of May, but all outstanding items were within by the quarter-end.

## Appendix 1: HRD, Budget Report

### Monthly HRD Update

- As at 30th June 2008, the FTE for the SRA was 527.04 with 89.71 vacancies.  
(There are 9 fixed-term temps and 34.00 FTE agency and contractors sitting against those vacancies).
- The budget FTE remains at 616.75
- 74 delegate days of training have been provided internally, including an Induction for new starters attended by 12 members of staff.

### Budget Report

Direct Costs summary for the 6 months ending 30 June 2008.

£ 000's	Jun '08 Actual	Jun '08 Budget	Variance	YTD Actual	YTD Budget	Variance
Total Staff Expenditure:	2,240	2,450	211	13,414	14,380	966
> Salary Costs	2,127	2,336	209	12,636	13,692	1,056
> Other staff costs	113	114	1	778	687	(90)
Total Administration Costs	2,511	1,022	(1,490)	6,547	6,457	(90)
Total Other Costs	0	0	(0)	2	0	(2)
<b>GROSS Expenditure (before recoveries)</b>	<b>4,051</b>	<b>2,274</b>	<b>(1,777)</b>	<b>15,289</b>	<b>16,270</b>	<b>982</b>
<b>Total recoveries</b>	<b>(952)</b>	<b>(810)</b>	<b>142</b>	<b>(4,706)</b>	<b>(4,858)</b>	<b>(152)</b>
<b>GROSS Expenditure (after recoveries)</b>	<b>3,100</b>	<b>1,464</b>	<b>(1,635)</b>	<b>10,583</b>	<b>11,412</b>	<b>829</b>
<b>Total Income</b>	<b>(700)</b>	<b>(1,198)</b>	<b>(498)</b>	<b>(4,673)</b>	<b>(4,566)</b>	<b>107</b>
<b>NET EXPENDITURE</b>	<b>2,400</b>	<b>267</b>	<b>(2,133)</b>	<b>5,910</b>	<b>6,846</b>	<b>936</b>

For budget purposes, total annual income is distributed evenly throughout the year, although the actual income pattern is seasonal.

## Appendix 2: Headline Summary of SRA performance against LSCC strategic targets (April 2008 to March 2009)

The table below shows the SRA's performance against the new LSCC Strategic Targets during the first 3 months of the 2008/09 plan year.

Current month	Year to date	LSCC Target	Variance from target
<b>Strategic priority 1: Building on, and maintaining the improvement in the timeliness of handling complaints</b>			
<b>Target T3: Number of live cases open for 12 months or more</b>			
14 (including 10 exceptional)	n/a	No cases open over 12 months (apart from in exceptional circumstances)	- 4
<b>Target T4: Number of live complaints-based SDT matters open for 18 months or more</b>			
0	0	No cases open over 18 months	0
<b>Strategic priority 2: Improving the outcome of decisions on complaints</b>			
<b>Target Q2: Percentage of closures where fair and reasonable outcome with no case failings.</b>			
89% *	89%	90%	-1%
<b>Strategic priority 3: Implementing the plan for complaints handling</b>			
<b>Target P1: Delivery of initiatives as required to achieve the business improvement outcomes identified in the Plan.</b>			
<b>Strategic priority 4: Improving cost efficiency in the handling of complaints.</b>			
<b>Target C2: 5% increase in caseworker productivity</b>			

\* Performance against Target Q2 is measured by audit and reported on a quarterly basis.

Targets such as T1 and T2 which are not shown relate to the work of the Legal Complaints Service.

## Appendix 3: Glossary of terms

<b>CCS</b>	Consumer Complaints Service (now the LCS - see below)
<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>Conduct and Service</b>	Normally referring to the work of CIU, but also ICT. This is the distinction made by the SRA between complaints of poor <i>service</i> , for which redress can be offered (handled by the LCS), and complaints of misconduct
<b>CRB</b>	Criminal Records Bureau
<b>CRO</b>	A complaint about inadequate professional service
<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>FTE</b>	“Full-time equivalent”, a measure of the number of staff. The budget FTE - actual FTE equals the number of vacancies
<b>HRD</b>	Human Resources & Development
<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>KPI</b>	Key Performance Indicator
<b>LCS</b>	Legal Complaints Service (formerly CCS)
<b>LLP</b>	Limited Liability Partnership
<b>LSCC</b>	Legal Services Complaints Commissioner
<b>LSO</b>	Legal Services Ombudsman
<b>PC</b>	Practising Certificate
<b>PSU</b>	Practice Standards Unit
<b>QLTT</b>	Qualified Lawyers Transfer Test
<b>RDC</b>	Redress Conduct - conduct issues arising from a redress matter handled by the LCS.
<b>Regulatory</b>	In this report, refers to the work of Regulatory Investigations
<b>REL</b>	Registered European Lawyer
<b>RFL</b>	Registered Foreign Lawyer
<b>SDT</b>	Solicitors Disciplinary Tribunal
<b>SRA</b>	Solicitors Regulatory Authority
<b>Throughput</b>	The volume of cases passing through the SRA from creation to completion
<b>Tribunal</b>	The independent Solicitors Disciplinary Tribunal (SDT)
<b>WIP</b>	Acronym for “Work In Progress”, cases not concluded during the month, but carried over from one month to another

### 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

0-18 months = 0-548 days