



Solicitors
Regulation
Authority

SRA Summary of Performance Measures and Statistics

May 2007

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Headline Statistics for May 2007

- Outstanding liability against the Compensation Fund is currently £16.6 million. This has been declining steadily since a peak in August 2006 of £30.8 million, although the volume of outstanding applications has only begun to fall over the last four months. ► *see page 11*
- The average age of Tribunal Proceedings at issue was previously measured for those matters that had been heard during the reporting month. Changes have been made to the reporting to enable the age profile to be based on the age of those matters issued during the month. This data shows that the average age of Tribunal Proceedings issued in May was 10 months, against a target of 6 months. The length and complexity of Tribunal Proceedings continues to increase. ► *see page 5*
- High call volumes combined with intensive training being undertaken within the team meant that the service level in Information Services fell to just 9% against a target of 80% of calls answered within 30 seconds. 11 full time and 3 part time offers were made as a result of the recruitment exercise completed during May. ► *see page 11*
- Student enrolment applications are significantly down on expected volumes. For the period January to May, applications received this year are only 46% of the volume received in the previous 2 years. A further reminder letter is being sent to students reminding them that they cannot start their LPC without bring student enrolled. ► *see page 11*
- The volume of calls received by the Ethics Guidance Service was 30% higher than this time last year. Increased demand on the service for advice about the new code of conduct resulted in call volumes in line with those seen in November's peak. Despite an increase in the number of calls answered, the impact of the surge in volume of calls received can be seen in the service level, which fell to 20%, and the abandoned rate which rose to 27%. ► *see page 12*
- Progress against LSCC Targets in the first 2 months of the new reporting year is encouraging. ► *see page 15*

Legal Solicitors Disciplinary Tribunal decisions

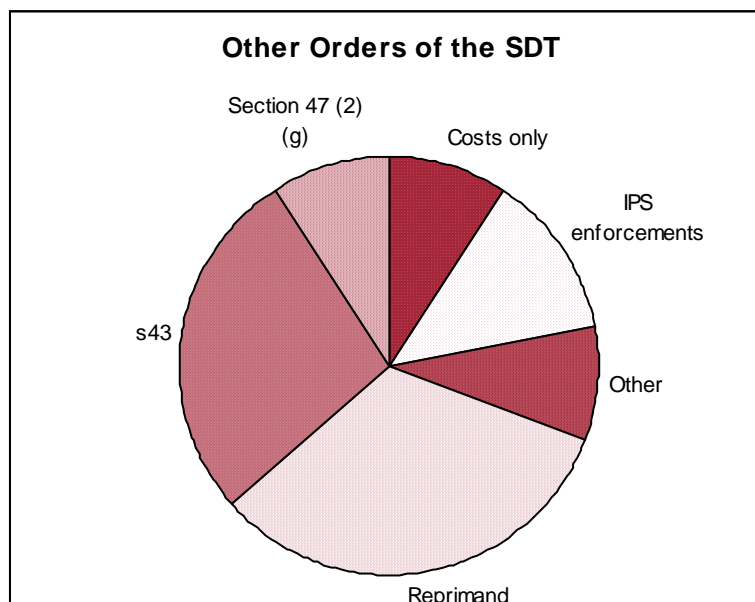
The **Solicitors Disciplinary Tribunal (SDT)** is the independent Tribunal that adjudicates upon alleged breaches of the rules of professional conduct for solicitors. The SDT has the power to strike off a solicitor from the Roll, suspend a solicitor from practicing and apply fines and reprimands.

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

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

	12 Months to		Variance	Monthly Average 2007
	May-06	May-07		
Fined	70	89	+27%	7
Struck Off	71	67	-6%	6
Suspended	39	34	-13%	3
No Order	9	9	+0%	1
Other	46	62	+35%	5
TOTAL	235	261	+11%	22

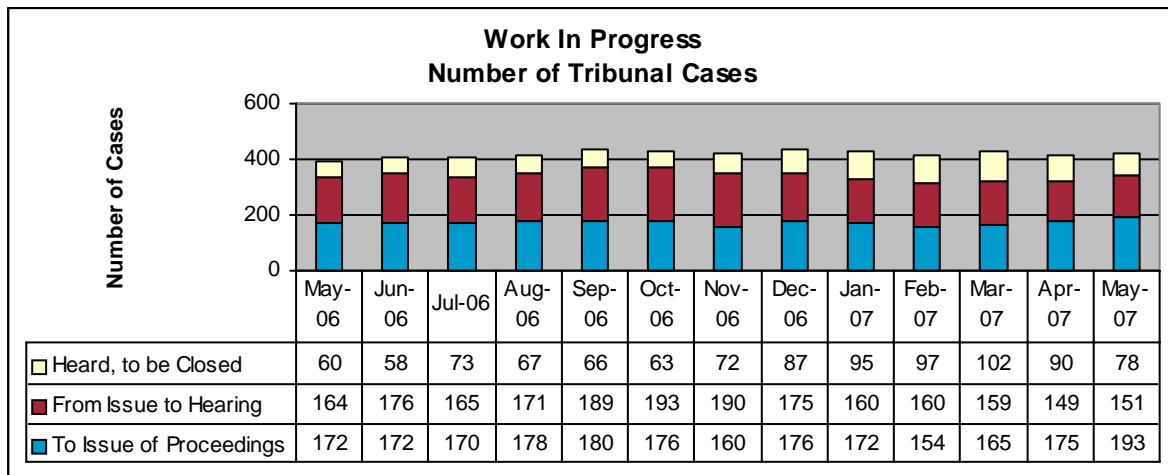
The number of “other” orders has been increasing, largely due to an increase in IPS enforcement orders. Only 1 such order was made in the year to May 2006, but 7 have been made in the year to May 2007. A breakdown of those orders categorised as “Other” is shown in the chart below. This breakdown excludes those orders that are simply responses to applications for appeal.



Legal Prosecutions and Interventions

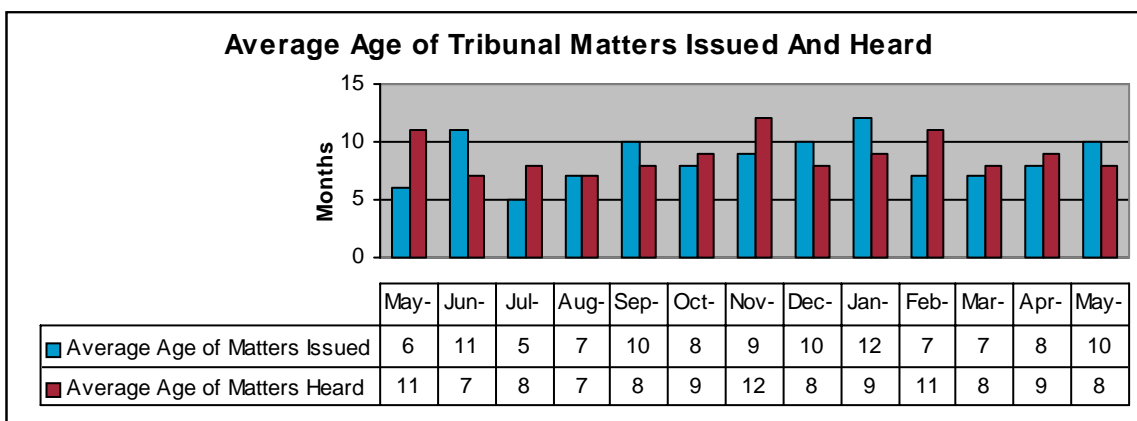
The **Intervention & Disciplinary Unit (IDU)** undertakes a number of important regulatory functions. These include conducting interventions into solicitors' practices, the prosecution of solicitors before the Solicitors' Disciplinary Tribunal (SDT), the conduct of litigation in respect of the exercise 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.

SDT Cases	12 Months			
	To May-06	To May-07	Variance	Monthly Average
New Cases	274	325	+19%	27
Closed Cases	281	294	+5%	25



The chart above refers specifically to Tribunal matters against solicitors (TRI matter types). There are also 27 section 43 applications in progress with IDU. Section 43 orders are used to prevent a solicitor from employing a person subject to the order without first obtaining the written permission of the office.

2 interventions were effected May, neither on the grounds of suspected dishonesty. Both were effected within the target.



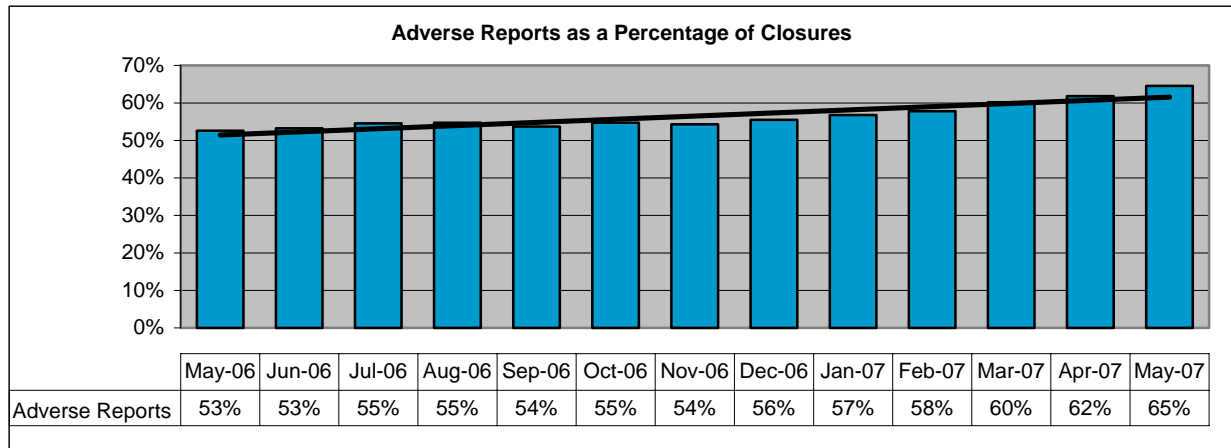
IDU's target is to issue proceedings within 6 months of creation of the matter. Previous reporting measured the age at issue of just those matters that had been heard in the reporting month. Data collection has been reviewed and the chart above now shows the age of those matters issued in the reporting month, as this measure is more reflective of the current work of the unit.

The SDT aims to hear matters within 6 months of proceedings being issued by the Law Society. The chart shows the average age of matters heard during each of the reporting months.

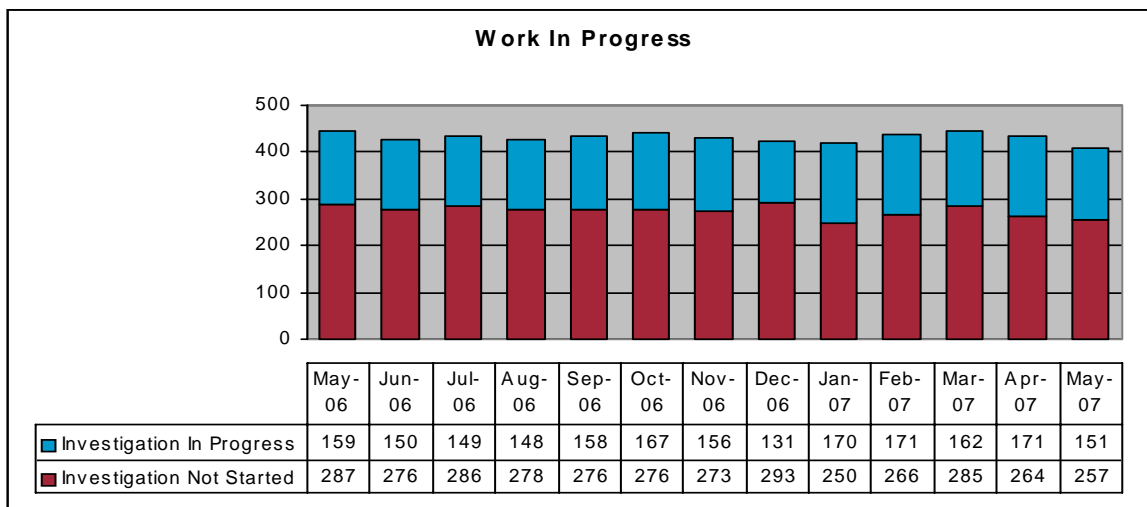
Investigations

Forensic Investigations

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.



	12 Months			Monthly Average
	To May-06	To May-07	Variance	
New Investigation Files Created	487	454	-7%	38
Closed or Rescinded	490	485	-1%	40



The proportion of adverse reports continues to rise, as shown in the first chart. There are several factors influencing this trend, including the targeting of specific areas of risk.

Considerable resource has been committed in respect of Miners' cases, mortgage fraud and the threat posed by money laundering.

Across the organisation greater experience and understanding of risk also leads to better, more focused intelligence, which is another key factor impacting on the proportion of adverse findings.

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 the SRA responsible for enforcement actions.

Investigations Practice Standards Unit

The **Practice Standards Unit (PSU)** carries out a programme of monitoring visits to check compliance with the practice rules, aiming to raise standards by obtaining agreement and consensus from firms for improvement following these visits. Firms are profiled for monitoring visits by a risk assessment process based on information held by the SRA and intelligence from other units. PSU also runs an educational programme of client care seminars to improve standards of practice in the profession through the promotion of client care and practice excellence.

PERFORMANCE MEASURES Year to Date	To May-06	To May-07	To May-07 Target	Variance from Target
Full Risk Profiles Completed	542	471	505	-7%
Total Visits Completed	496	347	415	-16%
Client Care Seminars	8	1	1	0%

Total visits completed this year to date are 16% down on target due to the programme of Referral Arrangement Compliance Project (RACP) visits being completed by the Unit. Client Care seminar programme is due to commence in late summer in order to reflect the new code and the new SRA status.

Firms receiving a monitoring visit by PSU continue to generate between 15% and 23% less complaints than prior to a visit. Firms that have not received a monitoring visit generate between 1% and 6% more complaints in the same analysis period

Visit Outcome Grade	May 06	Jun 06	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07	Feb 07	Mar 07	Apr 07
A	7	7	4	10	7	6	11	2	5	4	4	2
B	54	63	61	54	53	66	50	15	60	52	33	24
C	21	13	22	26	30	29	26	9	20	15	11	11
D	8	3	2	6	4	7	3	3	3	1	2	4
No Grade	0	0	0	0	0	0	0	0	0	0	9	8
Awaiting Grade	0	0	0	0	0	0	0	0	0	0	1	12
% of Graded Firms with Grade C or D	32%	19%	27%	33%	36%	33%	32%	41%	26%	22%	25%	28%

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

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

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

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

No Grade = RACP visits completed by PSU which are not graded.

A visit outcome grading is applied by the PSU Advisers, for internal purposes, based on the findings and areas of weakness. In the last 12 months an average of 29% of firms have been graded C or D.

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

As PSU makes site visits, it is well placed to judge whether firms should be formally referred to Regulation Response or Inspections & Investigations for further disciplinary action where they are not responsive to PSU's supportive approach, or in cases of suspected dishonesty or serious regulatory breaches. PSU also make intelligence referrals to Regulation Response or Inspections & Investigations for consideration of issues which may not require disciplinary action but of which they need to be aware. The average percentage in the last 12 months of those firms being formally referred is 5.2%.

Regulation Response Regulation Unit

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

REGULATION MATTER DECISIONS IN THE LAST 12 MONTHS	To May-06	To May-07	Variance	Monthly Average To May-07
PC Conditions	1097	1911	+74%	159
Intervention	117	93	-21%	8
Referral for Disciplinary Proceedings	339	363	+7%	30
Vest Discretion	254	231	-9%	19
Accountants Reporting Issues	392	254	-35%	21
Finding/Warning/Rebuke/Reprimand	586	875	+49%	73
No Action	338	385	+14%	32
Other	392	311	-21%	26
Costs Directions	499	399	-20%	33
TOTAL	3515	4423	+26%	369

Note: Although there has been a significant increase in decisions relating to PC conditions in the 12 months to May 2007, approximately 11% of the additional applications were in respect of 2 large multi-partner firms. In an exceptional occurrence, 2 large firms failed to comply with the regulations in respect of delivery of accountants reports. Consequently The Law Society can exercise discretion in respect of the Practising Certificate of each partner within those firms, and a Regulatory decision was required for each one.

In the last 6 months, the Regulation Unit have finalised 1274 applications and concluded 939 investigations. Of those applications:

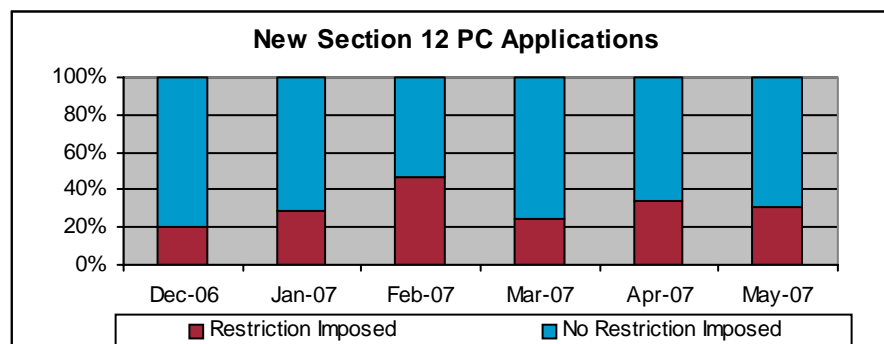
370 (29%) were non-Section 12 applications. This includes Section 41 and 43 applications relating to employment, and Accountants' reporting issues.

293 (23%) were existing Section 12 applications.

568 (45%) were new Section 12 applications.

(43 applications were withdrawn)

The allegations under investigation were upheld in **464** cases, of which **121 (26%)** resulted in a referral to the SDT. **207 (22%)** were not upheld.



In December 2006 improvements were made to enable better data recording in respect of the outcome of Regulatory Applications. The chart above shows the outcome of all new Section 12 applications and demonstrates a discernable increase in the proportion of applications where practice is being restricted against those where no restrictions are imposed, although still less than 31% of applications result in a restriction on practice.

The figures shown in the chart specifically exclude the 2 bulk applications referred to above.

Regulation Response CAI

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

Outcomes	12 Months			
	To May-06	To May-07	Variance	Monthly Average To May-07
Not Upheld	5475	4200	-23%	350
Excluded matters	1143	477	-58%	40
Required no regulatory action	4022	3696	-8%	308
Conciliated (service)	310	27	-91%	2
Upheld	570	657	+15%	55
Letter of Advice	118	191	+62%	16
Formal decision made	452	466	+3%	39
Referred to SDT	0	50	N/A	4
Other	6	13	+117%	1
TOTAL	6051	4920	-19%	410

*Monthly average based on January '07 to date

There has been a 62% 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 focus on risk based and proportionate responses to the reports of misconduct we receive.

Apparent reductions in both conciliated and excluded matters are a result of the transfer of specialist work to LCS in 2006.

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".

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 Unit can award funds to Applicants up to a delegated limit; an Adjudicator Decision is required for sums above this.

Claims and payments

Amounts in £ million	YTD		CLOSURES FOR THE MONTH		
	CLAIMED YTD	PAID YTD	Total CLAIM for Closures	Total PAID on these matters	% PAID out of amount claimed
May 2007	£4.1M	£4.5M	£1.18M	£0.20M	17%
May 2006	£5.2	£3.8M	£4.52M	£1.10M	24%
Variation	- 21%	+ 18%	- 74%	- 82%	- 7%

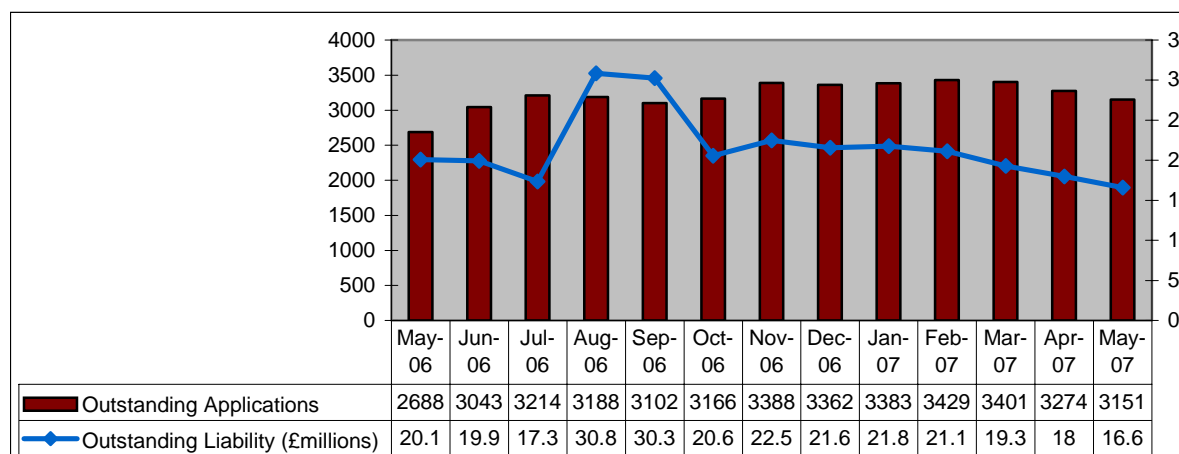
Ongoing Claims

Amounts in £ million	VALUE OF OPEN CLAIMS	REJECTED	REVISED CLAIM *
May 2007	£22.4M	£1.2M	£22.9M
May 2006	£31.4M	£0.6M	£33.6M
Variation	- 29%	+ 100%	- 32%

* The Revised Claim takes into account any payments made over and above the original claim, and the total amount already rejected.

Claims made to the fund this year are down 21% on last May.

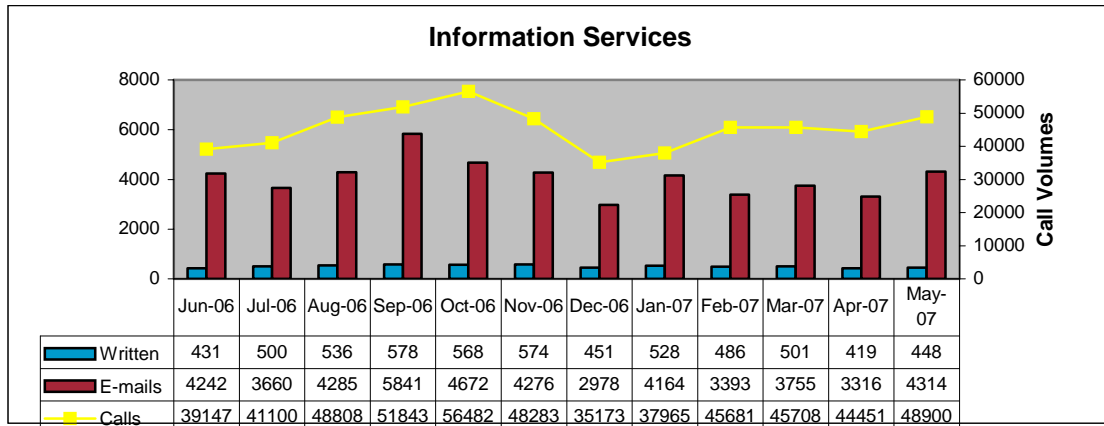
Outstanding Liability



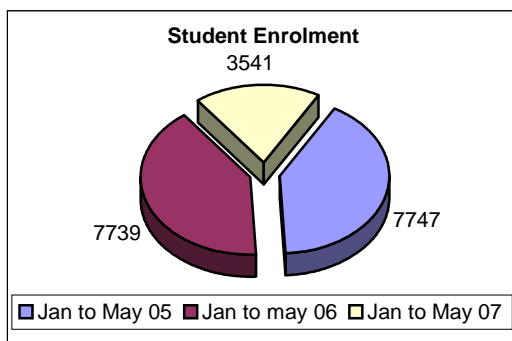
Following a sustained and steady increase over the twelve months prior to November 2006, the number of outstanding applications has slowly begun to decline in the last four months. Consumer claims continue to be prioritised. In the 12 months to May 2007, 59% of applications by private individuals have been completed within 6 months, and 75% within 12 months. This compares to the overall rate of 39% closed within 6 months and 64% within 12 months.

Outstanding liability against the fund continues to reduce.

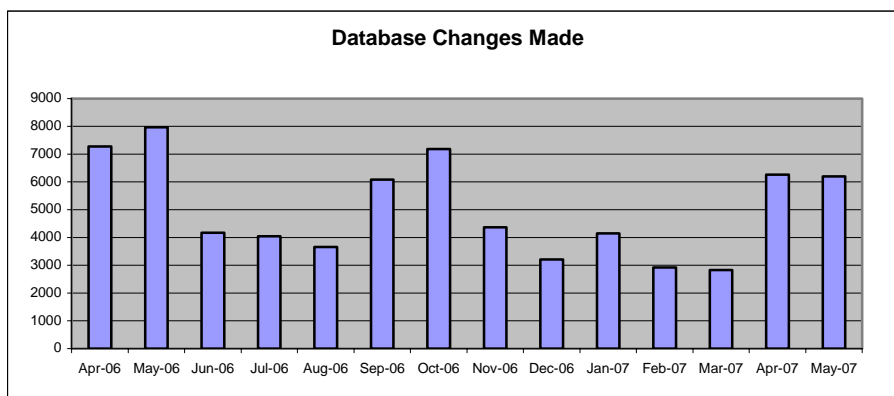
Information



Information Services' intensive training programme continued with a total of 159 hours spent on classroom training and associated written work. This equates to 4.5 full time staff being unavailable. With call volumes higher than in any of the previous 6 months, the service level has been severely affected, with only 9% of calls in May being answered within 30 seconds. Recruitment during May resulted in 11 full time and 3 part time offers being made. 5 of the 11 permanent full-time posts were offered to existing temporary staff who are now fully trained and the remainder will join the team in July. They will begin their programme of training encompassing the 6 months required to become fully effective in IS.



Student enrolment applications handled by the **Registration Project Team** are currently only 46% of the volume received during the same period (January to May) in the previous two years. A further reminder letter is being sent to students reminding them that they cannot start their LPC without being student enrolled.

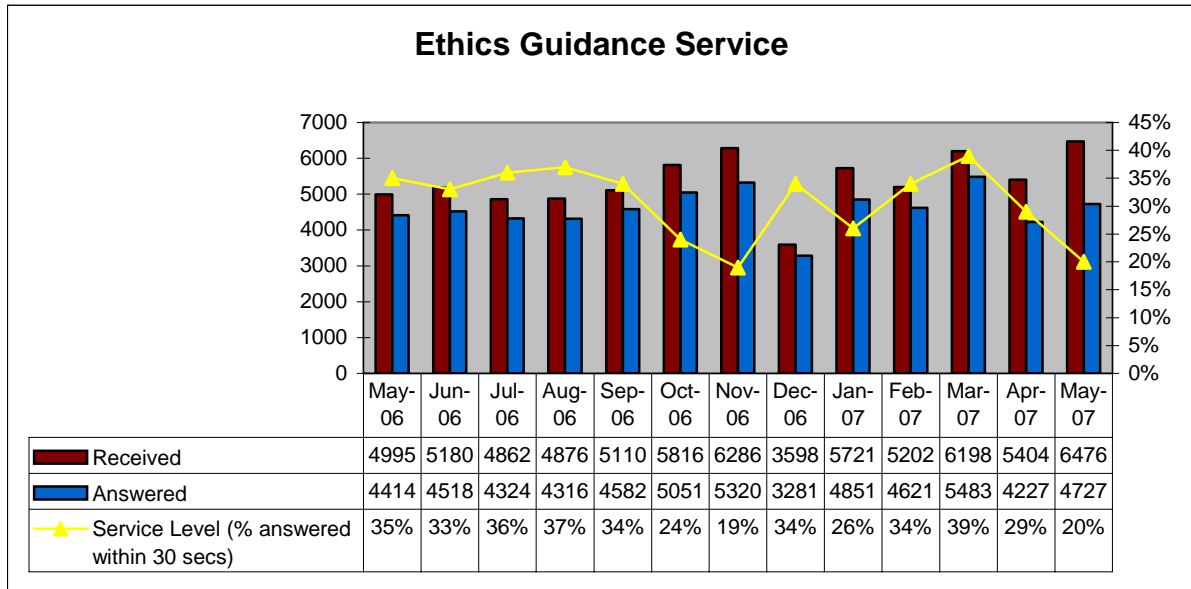


The **Customer Records Team** ensures that the corporate database is kept up to date with any amendments like address changes, movement of the solicitors within organisations and setting up new organisations. The impact of the reduced number of student enrolment applications can be seen in the volume of changes made by the team. Although there is a peak for April and May, that peak is significantly lower than in 2006.

The **Professional Competence Team** are looking in detail at their available data with a view to reporting the outcome of the Team's work and its impact. It is hoped to report this information in future months.

Regulation Standards

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



There was a significant increase in calls during May. Call levels were 20% higher than last month and 30% higher than in May 2006. The volume of calls was in line with the November peak connected to the practising certificate renewal exercise. This month's increase is partly contributable to an increase in demand for advice about the new code of conduct.

This high demand, combined with illness and staff leave resulted in a drop to a 20% service level. Despite a 12% increase in the number of calls answered compared to April, 27% of calls were abandoned.

Preparations continue for the launch of the new code of conduct on 1st July.

Appendix 1: Resources

HR and E&D data

Monthly HR Update

- As at 31st May 2007 the FTE for the SRA was 475.68 with 105.68 vacancies. (There are 2 fixed term temps and 47.53 agency and contractors sitting against those vacancies).
- The budget FTE is 581.36.
- 16 days were spent on training in April.

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 May 2007 compared with the overall population of solicitors.

	Population	Regulation / Tribunal Matters
Asian/Asian British	5%	8%
Black or black British	2%	6%
Chinese or other Asian group	1%	1%
Mixed or unknown	14%	18%
White/European	78%	67%
F	43%	21%
M	57%	79%
30 or below	18%	2%
31 - 40	35%	20%
41 - 50	25%	36%
51 - 60	16%	28%
61 or over	5%	12%
Unknown	1%	2%

Appendix 2: Resources

Budget report

Direct Costs Summary for the Five Months ending May 31, 2007

Account Description	Approved Budget £'000	YTD Budget £'000	YTD Actual £'000	YTD Variance £'000	Variance %
Paybill	24,412	10,005	9,522	482	4.82%
Other Staff Costs	1,615	670	634	36	5.36%
Total Staff Expenditure	26,027	10,675	10,157	518	4.85%
Staff & Admin Recoveries	(11,716)	(4,840)	(3,920)	(920)	19.01%
Total Non-Staff Expenditure	16,068	5,425	3,841	1,584	29.19%
Gross Expenditure	30,378	11,260	10,078	1,182	10.50%
INCOME	(6,030)	(2,513)	(3,151)	638	-25.38%
Net Expenditure	24,348	8,747	6,927	1,820	20.80%
Total Departmental Charge	24,348	8,747	6,927	1,820	20.80%
Breakdown by Business Area					
Chief Executive's Office Group Summary	2,111	813	321	492	60.52%
Information Group Summary	490	230	(300)	530	230.35%
Standards Group Summary	1,044	319	127	192	60.14%
Reg Response Group Summary	4,304	1,780	1,611	170	9.54%
Investigation Group Summary	5,744	2,380	2,253	127	5.35%
Legal Group Summary	991	412	446	(34)	-8.27%
Client Protection Group Summary	2,909	1,018	945	73	7.20%
Resources Group Summary	512	213	192	21	9.81%
Policy Group Summary	3,732	1,524	1,255	269	17.67%
SRA Change Summary	2,510	57	78	(21)	-36.63%
Total Directorate	24,348	8,747	6,927	1,820	20.80%

NB: Budget centres are under review following the creation of new directorates within the SRA. For budget purposes, total annual income is distributed evenly throughout the year, although the actual income pattern is seasonal.

Appendix 3: Headline Summary of SRA performance against LSCC strategic targets (April 2007 to March 2008)

For the plan year 2007/08 the LSCC requires reporting on the individual contributions of both SRA and LCS towards the overall targets. The headline performance shown here is the SRA contribution.

	Current month	Year to date	LSCC Target	Variance from target
Strategic priority 1 : improving the speed with which complaints are handled				
Target T1 Number of live cases open for 12 months or more				
	114	N/A	By 31 March 2008, no more than 65 RDC cases open	78 (non RDC)
Target T2 Cases closed within 3 months of receipt				
Within 3 months	78%	78%	76%	2%
Strategic priority 2 : improving the quality of complaints handling				
Target Q6: Percentage of referrals to the LSO that are upheld				
	72%	78%	76%	2%

Performance against quality targets 1 to 5 is based on audit. This data is not yet available.

	Current month	Year to date	LSCC Target
Strategic priority 3 : implementing the plan for complaints handling			
Target P1: The total budget to support the delivery of the plan.			
Target P1	-14.6%	-14.6%	-5% to 0%
Target P2: All resources to support the delivery of the plan			
Target P2	-8.6%	-8.6%	-5% to 0%
Target P3: The priority initiatives will be delivered to time and cost in accordance with the plan, meet all milestones declared in the plan and benefits realised.			
Target P3	100%	100%	
Target P4: Progress against the plan, targets and supporting KPIs, will be reported in line with the timescales agreed.			
Target P4	100%	100%	

Appendix 4: Glossary of terms

Terms used in this document:

CAI	Conduct Assessment & Investigation Unit
CCS	Consumer Complaints Service
CDT	Conduct complaint
Compliance Directorate	SRA Directorate dealing with all investigation and enforcement work, together with much of the work formerly dealt with by the former OSS Solicitors' Practice Unit
Conduct and Service	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 (handled by the LCS), and complaints of misconduct
CRB	Criminal Records Bureau
CRO	A service complaint
Decisions	There are two sorts of decisions: those made by Adjudicators, where there can be a number of decisions in relation to a matter, and the decisions (orders) by the SDT which tend to be the decision on the totality of a case presented to them – more usually one case, one decision
ENQ	An enquiry or an initial request for details of the remuneration certificate process
FTE	“Full-time equivalent”, a measure of the number of staff. The budget FTE - actual FTE equals the number of vacancies
KPI	Key Performance Indicator
Intervention	A formal decision of the adjudication panel to intervene into a solicitor's practice, which results in all monies and papers held by the solicitor being taken by the Law Society. Interventions are subject to a statutory appeal direct to the High Court
Inspections	Term normally used in connection with Accounts Inspections by the Forensic Investigation department
LCS	Legal Complaints Service (formerly CCS)
LSCC	Legal Services Complaints Commissioner
LSO	Legal Services Ombudsman
PC	Practising Certificate
PSU	Practice Standards Unit
QLTT	Qualified Lawyers Transfer Test
RCA	Remuneration Certificate Application
RDC	Redress Conduct - conduct issues arising from a redress matter handled by the LCS.
Regulatory	In this report, refers to the work of the Regulation Unit
REL	Registered European Lawyer
RFL	Registered Foreign Lawyer
SDT	Solicitors Disciplinary Tribunal
SRA	Solicitors Regulatory Authority
Throughput	The volume of cases passing through the SRA from creation to completion
Tribunal	The independent Solicitors Disciplinary Tribunal (SDT)
WIP	Acronym for “Work In Progress”, cases not concluded during the month, carried over from or to the following month

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	