



Solicitors
Regulation
Authority

SRA Summary of Performance Measures and Statistics

March 2011

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Headline figures

The SRA regulates

- **119,641** practising solicitors, with a further **38,268** non-practising solicitors
- **10,927** firms, of which **377** are now Legal Disciplinary Practices

In the first quarter of 2011 we have

- answered **69%** of telephone enquiries from the public & profession within 20 seconds
- effected **100%** interventions within target
- issued proceedings at the SDT within an average of **5.3** months against a target of 6 months
- answered **13,975** calls to our Ethics Guidance Helpline
- answered **82%** of calls to the Ethics Guidance Helpline within 45 seconds
- paid **£5.03m** to claimants from the Compensation Fund
- risk assessed **2,510** allegations
- concluded **1,835** casework investigations
- **2,226** claims in progress on the Compensation Fund representing a liability of **£183m**
- issued **38** sets of proceedings at the SDT
- **24** individuals were struck from the roll
- effected **11** interventions

Freedom in practice

Outcomes-focused regulation (OFR): the transformation of the SRA

The SRA continues with its programme to transform its approach to regulation for the benefit of consumers. The OFR programme has met its objectives and key deliverables during this quarter.

From January to March 2011, the SRA:

- concluded 3 major consultation exercises:
 - 'Future client financial protection arrangements',
 - 'Sole Practice: modernising authorisation'; and
 - 'The Architecture of Change Part 2 – the new SRA Handbook'.

The latter of these provided the last opportunity to comment on the content of the Handbook, the final draft of which was unveiled on 6 April 2011. The draft SRA Handbook, subject to approval by the Legal Services Board, comes into force on 6 October 2011.

- gained approval from the Law Society Council (23 March) for its application to become a licensing authority for Alternative Business Structures (ABS), so that the SRA remains on track to receive applications from potential ABS from August, and to enable the first ABS to operate from 6 October
- announced details of its Handbook roadshow programme in May & June; and opened booking: <http://www.sra.org.uk/solicitors/freedom-in-practice/news-events/roadshow/roadshows-2011.page>
- delivered webinars on a number of topics (including the supervisory experience under OFR, relationship management; and financial protection) and announced details of additional webinars: <http://www.sra.org.uk/solicitors/freedom-in-practice/news-events/webinars-index.page>
- together with the Bar Standards Board (BSB) and the Institute of Legal Executives Professional Standards (IPS), announced plans for a fundamental review of the legal education and training requirements of individuals and entities delivering legal services
- started the second and third waves of its relationship management (RM) pilot, taking the total number of firms involved to nineteen
- published consumer research on perceptions of legal services delivery, and customers' perceptions on what they expect from a solicitor: <http://www.sra.org.uk/sra/news/press/finding-out-what-consumers-really-want.page>



The regulated community

Solicitors in England and Wales

The SRA regulates solicitors and their firms, as well as other lawyers and non-lawyer managers working in law firms across England and Wales and those working as registered European lawyers or registered foreign lawyers. Our purpose is to protect the public by ensuring that solicitors meet high standards, and by acting when risks are identified.

The number of practising solicitors continues to rise year on year - up 4% at the end of March 2011 compared with the same time last year. The yearly practising certificate termination exercise was completed in January 2011, rather than December, and therefore the annual decrease is seen slightly later than usual. The number of solicitors on the roll at the end of March was 157,909 - up 3% on the same time in 2010.

Population of practising solicitors since March 2009



Solicitors' firms

The following table shows a breakdown of solicitors' firms by type at the end of each quarter. The numbers are based on a count of head offices recorded by the SRA.

Snapshot by type of firm

Firm Type	March 2010	June 2010	September 2010	December 2010	March 2011
Incorporated Company	1,742	1,862	2,001	2,081	2,208
Limited Liability Partnerships	1,167	1,242	1,309	1,345	1,356
Multinational / Overseas	162	129	126	151	124
Partnership	3,787	3,676	3,561	3,517	3,446
Sole Practitioner	4,056	4,034	3,880	3,777	3,692
Other	61	83	85	90	101
Total	10,975	11,026	10,962	10,961	10,927

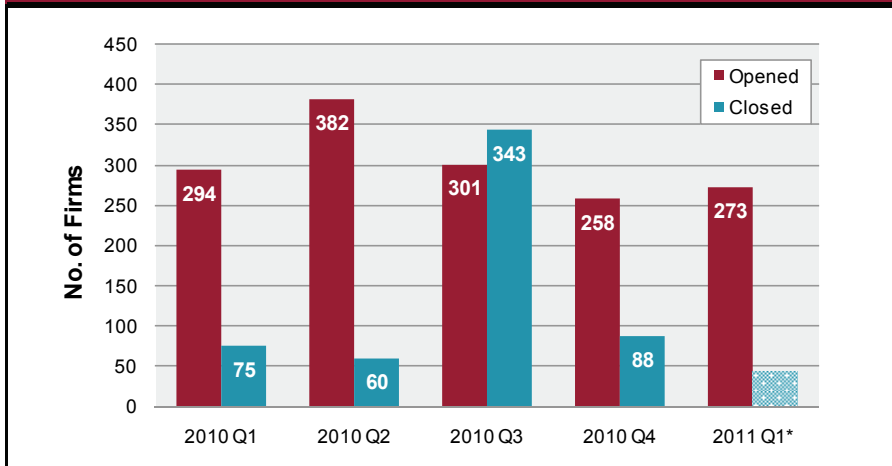
The regulated community

Firms opening and closing

During the last 12 months, 1,214 new firms opened and 534 firms closed. As it can take a number of weeks for the SRA to be notified of and process firm closures, the finalised figure for quarter 1 is not yet available. The final closure figure for quarter 4, 2010 was less than in the same period in 2009.

A peak in firm closures is seen during quarter 3 each year, coinciding with the annual firm application process.

Number of firms opened and closed - Last 12 months



* Closure figures may be revised up if the SRA are notified of closures after the event

Legal Disciplinary Practices

This type of firm comprising of solicitors and non-solicitors was introduced in April 2009. LDPs can be owned and managed by a combination of different types of lawyer, and up to 25% non-lawyers, but there can be no external ownership of an LDP.

Numbers of LDPs continue to grow. As at the end of March 2011, 377 firms had taken the opportunity to introduce other lawyers or non-lawyers to their management teams.

Nearly 4,500 managers now work in LDPs. Non-lawyer managers include professions such as accountants, teachers and lecturers and financial planners. Lawyer managers are made up predominantly of legal executives but also include licensed conveyancers, barristers and patent attorneys.

Routes of entry

Numbers of solicitors being admitted to the roll in England & Wales continues to rise, although closer examination of the figures reveals that this is likely to be related to the change, on 1st September 2010, to the new Qualified Lawyers Transfer Scheme.

The table below provides a breakdown of those admitted between April 2009 and March 2010 and April 2010 and March 2011 by their routes to qualification.

Routes to qualification				
By admission date	12 months to Mar 2010	12 months to Mar 2011	variance	% variance
Qualifying Law Degree	4,157	3,691	-466	-11%
Conversion Course	2,267	2,085	-182	-8%
QLTT *	1,797	1,512	-285	-16%
Other	253	1,622	+1,369	+541%
Total admitted	8,474	8,910	+436	+5%

* Qualified lawyers transfer test

Around 40% of new solicitors have taken a qualifying Law Degree followed by the Legal Practice Course. The second most popular route is to take the Common Professional Exam or a Post Graduate Diploma in Law (commonly known as a 'conversion course').

The QLTT, or 'Qualified Lawyers Transfer Test' allows overseas lawyers and other UK qualified lawyers to become qualified solicitors in England and Wales. Revisions to these rules were approved by the Legal Services Board and came into force on 1st September 2010. The new mechanism by which these lawyers can transfer to become Solicitors of England & Wales is called the 'Qualified Lawyers Transfer Scheme' or QLTS. Over the 3 years following the closure of the QLTT route, we will still see individuals admitted via this route who had already established their eligibility under the old regime and have a limited period within which to satisfy the criteria required for admission to the roll.

This change in transfer regulations has produced a shift in recent months in the 'other' category which includes those who have achieved qualifications equivalent to a qualifying law degree or Common Professional Examination, or have been eligible for exemption from the usual requirements. The change in rules means that certain jurisdictions which were previously exempt from transfer requirements will have to undergo the same process as others under the QLTS.

The table below shows that the vast majority (90%) of solicitors admitted via the 'other' route during the 12 months to March 2011 were from Northern Ireland and Ireland.

Routes to qualification - additional detail			
By admission date	12 months to Mar 2010	12 months to Mar 2011	variance
'Other' route total	253	1,622	+1,369
Solicitors of Ireland, N. Ireland	77	1,460	+1,383
Other individuals	176	162	-14

Had numbers transferring from these two jurisdictions remained consistent with the levels seen in the 12 months to March 2010, the number of solicitors admitted to the roll would have shown a decrease of 11% year on year rather than the 5% increase we have in fact experienced.

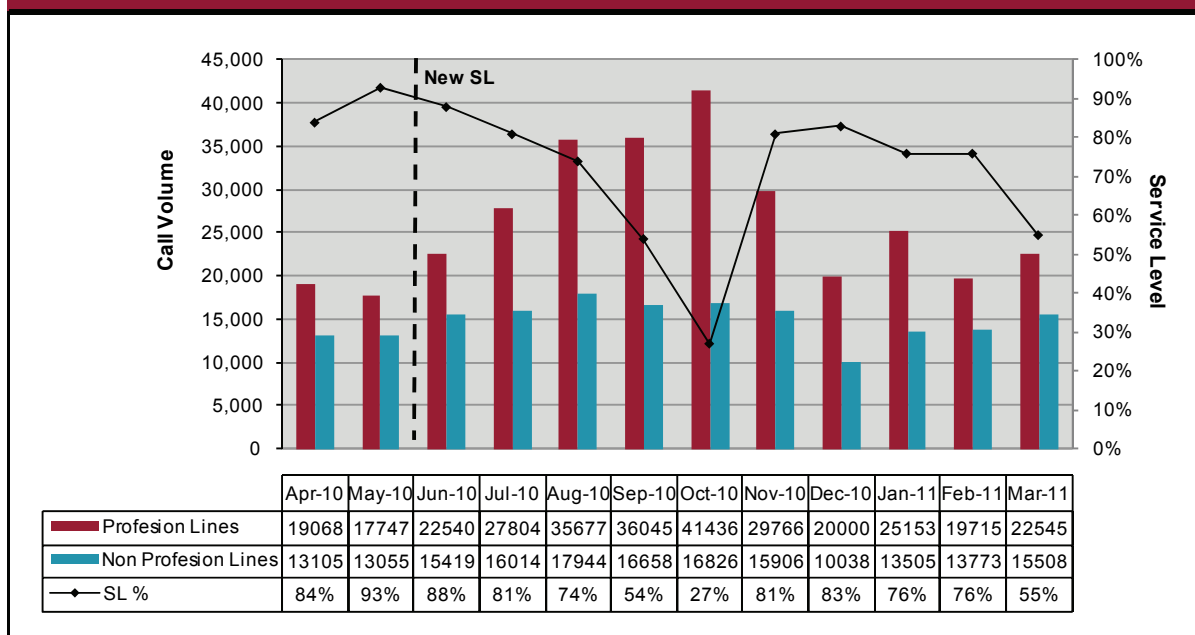
Contact Centre

Enquiries from the profession

The **Contact Centre** answer general enquiries and queries, both from the profession and the public.

The Contact Centre offers dedicated lines for the profession, students and the public as well as a number of seasonal lines which take calls relating to specific areas of enquiry such as solicitor annual enrolment and PC applications / renewals.

Calls to the Contact Centre profession lines



Over the last quarter, the Contact Centre received 67,413 calls from the profession of which 45,327 calls were to the profession line and 22,086 calls to the seasonal lines. In June 2010 a new service level of 80% of calls answered within 20 seconds was implemented. Within the first quarter of 2011, 69% of calls were answered within 20 seconds, which is below the new target of 80%.

Enquiries from members of the public

As well as dealing with enquiries from the profession over the last quarter, the Contact Centre received 42,786 calls from members of the public, over a third of all calls received. In June 2010 a new service level of 80% of calls answered within 20 seconds was implemented. Within the first quarter of 2011, 69% of calls were answered within 20 seconds, which is below the new target of 80%.

The Contact Centre also receive requests from members of the public who wish to trace a member of the profession, this might be, for example, connected to assistance they require from the solicitor or help with tracing their family history. We may also receive requests from members of the profession to trace another solicitor in order to assist them with work they have been requested to do for their clients. On average we receive around 105 tracing requests each month.

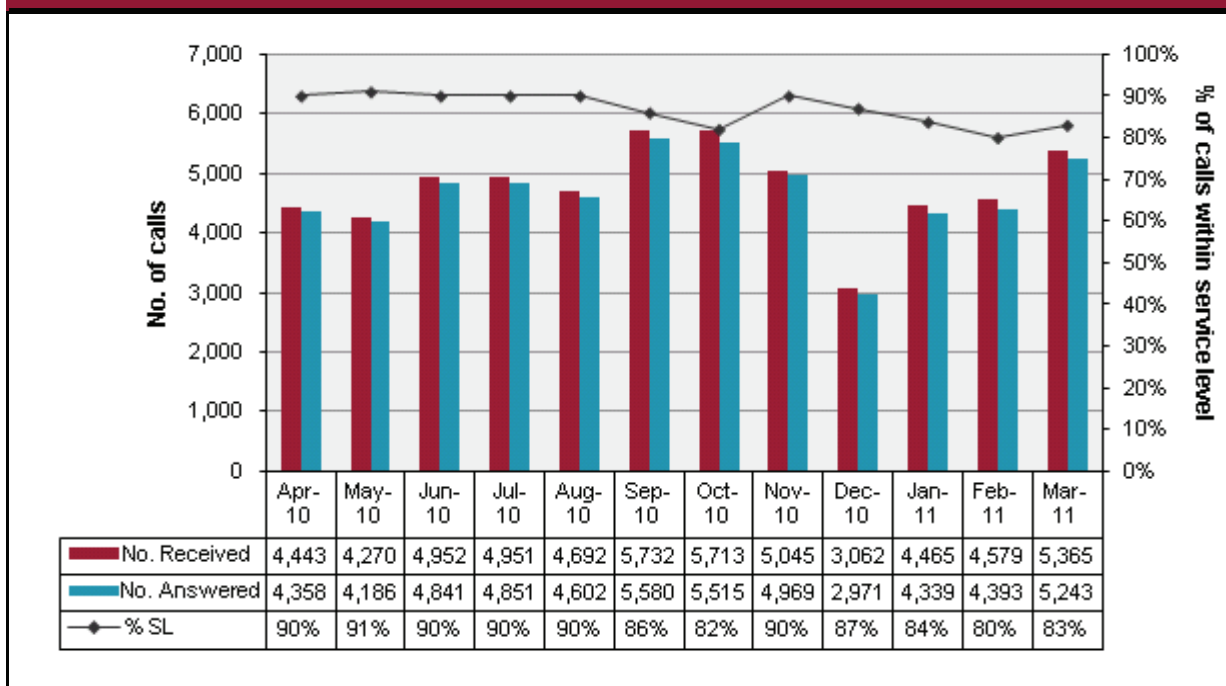
Ethics guidance

The **Professional Ethics Guidance Team** provides guidance to help solicitors comply with their professional obligations. The Helpline is open 5 days a week, and also deals with written and email enquiries.

Helpline staff provide guidance on complex issues such as conflicts of interest and retainers. The most common areas of enquiry during the last quarter were:

- Accounts rules
- Confidentiality and disclosure
- Practising Certificates

Calls to the Ethics Guidance Helpline



The service level for the Ethics Guidance Helpline is for staff to answer calls within 45 seconds. The service level on the graph above shows the percentage of calls that were answered within this time.

The Ethics Unit aims to answer 90% of calls within 45 seconds. In the first quarter of 2011, 82% of calls were answered within target and just 3% of calls to the Helpline were abandoned. There were 6% fewer calls received by the Ethics Guidance Helpline in the first quarter of 2011 compared with the same period in 2010. A total of 14,409 calls were received and 13,975 answered in the quarter.

The Guidance Service also send written advice to many enquirers.

The team aim to respond 90% of correspondence within 10 working days. In the first quarter of 2011, 89% of responses were issued within this service level. The team sent out 1,448 written responses, a 21% increase on the same period in 2010.

Information & intelligence received

The **Risk Assessment & Designation Centre** (RADC) is the primary gateway for the receipt of regulatory information other than confidential intelligence, which is gathered by our **Fraud & Confidential Intelligence Bureau** (FCIB).

The RADC and FCIB work in parallel operating a consistent risk assessment process designed to be compliant with the Government's principles of better regulation:

Proportionate Regulators should only intervene when necessary. Remedies should be appropriate to the risk posed, and costs identified and minimised.

Accountable Regulators must be able to justify decisions, and be subject to public scrutiny.

Consistent Government rules and standards must be joined up and implemented fairly.

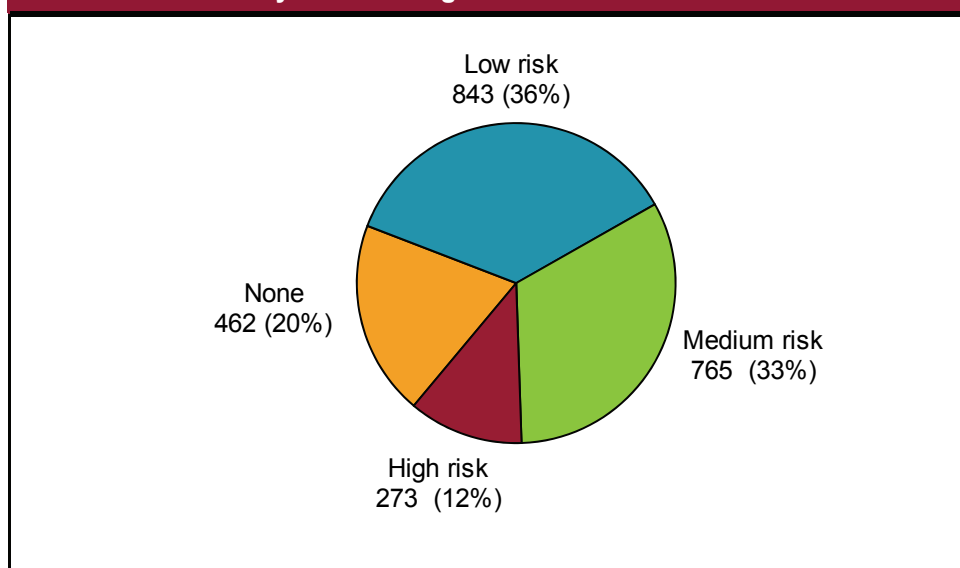
Transparent Regulators should be open, and keep regulations simple and user-friendly.

Targeted Regulation should be focused on the problem, and minimise side effects.

Reports of regulatory information are assessed using an objective system that incorporates definitions of risk based on our Code of Conduct 2007. This is coupled with a subjective assessment of intent, of the credibility of the information presented and an assessment of background information held about the firm or individual in question.

An overall risk score is generated which is used to designate the report to the most appropriate operational unit within the SRA.

Risk assessments by risk banding - Q1 2011



Each item received into the RADC is assessed for risk and is categorised as either high, medium, low or no risk. This data is now based on information received into RADC only (previously information received by FCIB was also included). The chart above shows the output by risk banding for quarter 1 2011. 45% of incoming matters were classed as medium or high risk, a 2% decrease when compared with the full year of 2010.

There are also three categories of compliance risk identified during the risk assessment process. These are efficiency, management and administrative competence, financial issues and legal competence. Further information regarding the SRA's approach to risk assessment can be found on our website (www.sra.org.uk/sra/strategy/risk.page). The number of allegations received within each category is shown on the following page.

Information & intelligence received

Allegations received by compliance risk

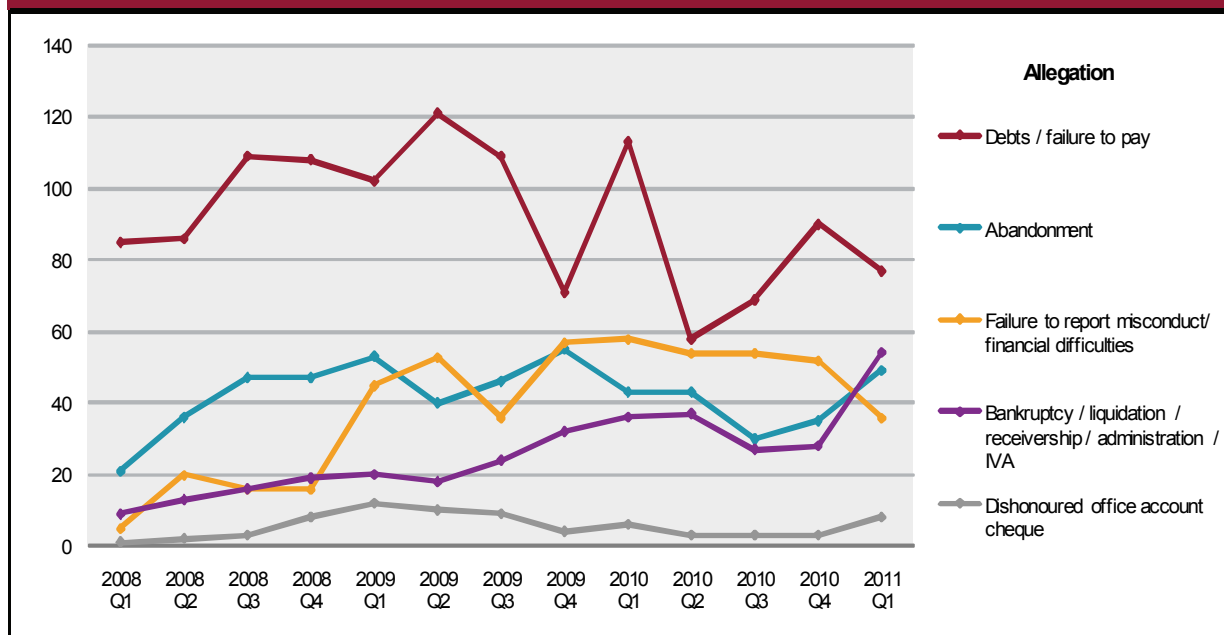
Total allegations by category		Q2 2010	Q3 2010	Q4 2010	Q1 2011
Efficiency, management and administrative competence		1,637	1,660	1523	1241
.. of which..	Character and suitability	1,205	1,187	1193	856
	Conflict of interest	61	51	67	72
	Requirements/ framework of practice	371	422	263	313
Financial		836	794	950	884
.. of which..	Abandonment of practice	81	66	63	94
	Costs/ fees/ referrals	87	45	42	56
	Financial	449	450	653	531
	Fraud/ dishonesty/ money laundering	219	233	192	203
Legal competence		310	321	307	385
.. of which..	Breach of undertaking	91	60	53	92
	Mortgages and property	146	177	118	120
	Professional competence/ client relations	73	84	136	173

The number of risk assessments undertaken in quarter 1 2011 was 10% less than the previous two-year average, with just over 2,500 undertaken in the three months. Each assessment may involve multiple allegations. The number of Financial allegations saw an overall reduction in quarter 1 2011 when compared to quarter 4 2010 with the greater proportion of the reduction being attributable to the Financial category which predominantly consists of Accounts Rules and Financial Business Management required practises. Conversely, Abandonment of Practice allegations saw a marked increase with 94 allegations being the greatest number of allegations since prior to quarter 1 2009.

Of the 3 compliance risk categories "Legal Competence" was the only one to experience an increase in the first quarter of 2011 when compared to quarter 4 2010 and the previous two quarters.

The graph below shows the changes in some specific allegations which may indicate the increased/ decreased pressure on solicitors as a result of the current economic situation.

Indicators of economic pressures: allegations received



Practice standards visits

The **Practice Standards Unit (PSU)** aims to assist practitioners to improve standards and service by monitoring compliance with the rules of professional conduct. This is achieved through monitoring visits carried out by the unit. Firms are profiled for monitoring visits by the unit, and additional referrals are also received from the Risk Assessment & Designation Centre. The visits aim to raise standards by obtaining agreement and consensus from firms for improvement where any breaches of the rules are identified.

During 2010 PSU were used to support the SRA's 'Enforcement strategy - Assigned Risks Pool' by monitoring firms which were not eligible to remain in the ARP beyond 30 September 2010.

PSU advisors have been working together with Forensic Investigators to support the SRA's work with Assigned Risks Pool firms. A number of visits have taken place to firms who were in the ARP during the 2009/10 indemnity year, and follow-up contact has been maintained with some of those firms where necessary.

Firms which closed at the end of the indemnity year are being monitored to ensure that client files and monies are distributed satisfactorily. PSU are also involved in visits to firms covered by the ARP in 2010/11.

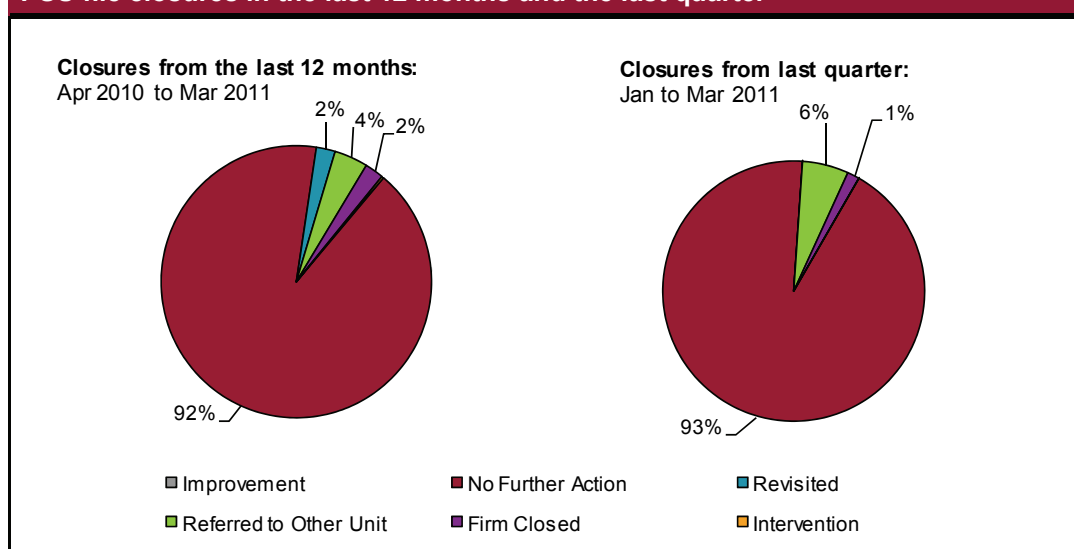
PSU visits				
Volumes	Q2 2010	Q3 2010	Q4 2010	Q1 2011
No. of visits	213	238	254	242
On-site days	441	360	256	266*

* Q1 figure is provisional as it does not include any on-site days for 32 of the 242 visits where we are still awaiting data.

In addition to work with ARP firms, PSU have been undertaking a series of baselining visits to assess levels of compliance within firms. This marks the start of a long-term project to assess changes in the profession during our move to outcomes-focused regulation. The visits will look at levels of compliance and at understanding of our regulations and the changes underway.

The unit completed the baselining visits to a representative sample of the profession during the first quarter of 2011.

PSU file closures in the last 12 months and the last quarter



Each visit file is given a final outcome upon closure. In the last 12 months 92% of files have been closed with either 'Improvement' or 'No Further Action'. Visit files are usually reviewed both 9 and 15 months after the visit to see how the firm has progressed. At these review periods a decision can be made to either close the file or extend the review period further if a firm's progress is not satisfactory.

Forensic Investigations

Forensic Investigations (FI) carry out targeted investigations of firms following the risk assessment of internal referrals from a variety of departments. Forensic Investigators visit firms and adduce evidence of things such as the misuse of client money, serious misconduct or malpractice, dishonesty, fraud and money laundering. Accounts inspections make up the majority of visits by FI, although the unit also conducts Investment Business and Assigned Risk Pool monitoring visits.

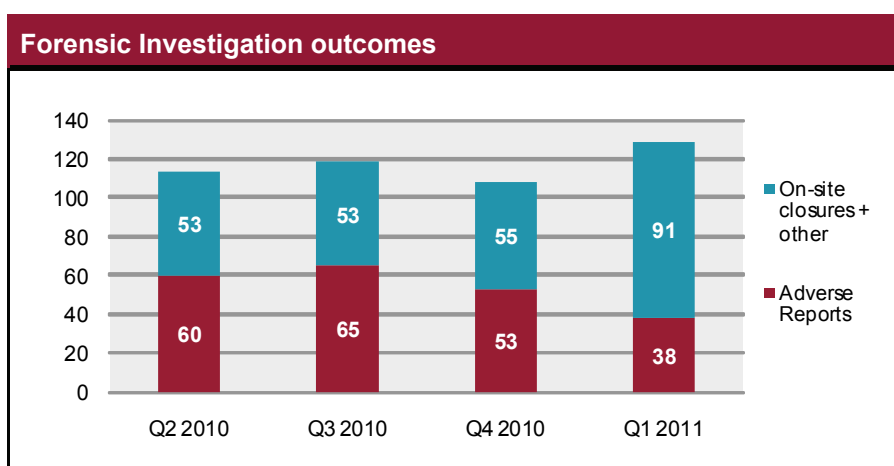
At the conclusion of an investigation, a closure letter is issued to the firm where the identified breaches or conduct are not material, or minor corrective action is required following an investigation.

Alternatively, where there is evidence of serious breaches of the rules or professional obligations, misconduct or dishonesty, an adverse report will be issued which can result in regulatory sanction, disciplinary proceedings and / or intervention. The FI report will be referred to other departments within the SRA responsible for enforcement actions.

Forensic Investigations summary

Year on year	12 months to Mar 10	12 months to Mar 11	Variance	Monthly average to Mar 11
New investigations authorised	592	524	-11%	43.7
Investigations concluded	454	485	+6%	40.4
Rescinded / other	52	39	-25%	3.9

The table above shows throughput figures for Accounts Inspections conducted by the unit. The number of investigations opened and closed in any one month fluctuates. The table above shows that there has been a decrease in the number of investigations authorised (11% decrease to 524) with an increase in investigations concluded (6% to 485) between the year to March 2010 and the year to March 2011. Visits are rescinded where no investigation took place (for example if the firm no longer poses such a risk, has closed down, or where it is appropriate to await the outcome of some other activity). The number of rescinded matters fell 25% between the 12 months to March 2010 and March 2011, from 52 to 39 matters.



This chart shows the number of Accounts Inspection closures split by those which involved an adverse report, and other investigations concluded. 29% of the visits concluded in quarter 1 2011 had an adverse report compared to 50% for the same period in 2010.

During quarter 1 there were four Investment Business monitoring visits concluded, with a total of 16 over the last 12 months.

Regulatory applications & casework investigations

Regulatory applications

Most low-risk or straightforward applications are handled by staff within the application-handling units. However, those requiring more in-depth investigation are escalated to the caseworking units. Regulatory applications are higher risk applications relating to areas such as Practising Certificate conditions, approval of employment or submission of accountants reports.

Outcomes of applications

The most common application type dealt with by the caseworking units is the Regulation 3 application, which allows conditions to be placed on a solicitor's practising certificate when that certificate is renewed. The conditions may restrict where or in what capacity a solicitor can practise.

The number of Regulation 3 applications decreased by 47% this quarter compared to last. This follows the seasonal peak in applications seen in quarter 4. However, due to the peak in applications *received* in the previous quarter, the number of applications *completed* this quarter was 60% higher than in quarter 4 2010. Of the 822 caseworked Regulation 3 applications concluded in quarter 1 2011, 363 (44%) related to individuals who were already subject to Section 12 / Regulation 3 when applying. 145 of these files had restrictions continued, 38 had restrictions varied, 177 had the restrictions lifted and 3 were refused.

459 (56%) of applications were from individuals newly subject to Regulation 3. Restrictions were imposed on 58 (13%) of these applications.

89 applications were dealt with in respect of the SRA Recognised Bodies Regulations 2009 which enable the SRA to place conditions on a firm's recognition. Conditions were placed on ten of the recognised bodies and two applications were refused.

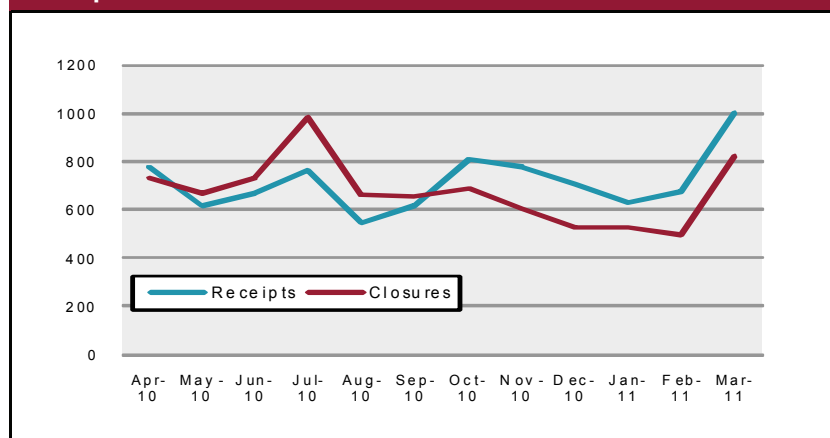
The unit also dealt with over 200 other applications, the majority of which relate to the requirement to file regular accountant's reports with the SRA. A comprehensive picture of the numbers of individuals being made subject to practising or registration conditions is shown on the following page.

Casework investigations

Casework Investigations primarily take place within the Conduct Investigation Unit (CIU) and Regulatory Investigation Unit (RIU). CIU deals initially with all third party (non-client) complaints of misconduct received by the SRA as well as referrals of conduct information from the Legal Complaints Service and the Legal Ombudsman (LeO). RIU investigate information about regulatory breaches and deals with adverse reports referred by Forensic Investigations. A small number of more complex investigations are dealt with in Casework Investigations & Operations (CIAO) who may combine desk-based investigation with visits to firms where necessary.

Casework investigation volumes

Receipts and Closures



The chart to the left shows new conduct and regulatory investigations alongside numbers closed each month. This chart does not include regulatory applications.

Receipts and closure figures have stayed at a similar level to last quarter. Although a high number of these files were received or closed during March.

Information relating to the outcomes of these closures is shown on the next page.

Casework investigations & disciplinary outcomes

The table below provides an overview of the outcomes for investigations taking place within the caseworking units. It should be noted that the number of matters with the outcome of 'SDT referral' will exceed the number of actual tribunal cases, as an individual may be investigated under several conduct or regulatory file references. These figures relate to the number of investigations conducted and not the number of individuals involved.

Outcomes of casework investigations

Outcome category	2010 Q2	2010 Q3	2010 Q4	2011 Q1	% variance from last quarter
Allegation upheld	426	454	287	364	+27%
*Letter of advice	205	266	151	221	+46%
*Finding and warnings	81	67	25	36	+44%
*Rebuke / reprimands	74	70	49	64	+31%
SDT referral	102	73	51	75	+47%
Ongoing other action / Added to existing DPs	230	341	279	301	+8%
No regulatory action required	1,266	1,379	1,173	1095	-15%
TOTAL	2,024	2,247	1,790	1835	+3%

* Note: The three categories 'letter of advice', 'finding and warning' and 'rebuke/reprimand' are the most common courses of regulatory action that may be taken in an investigation. It is also possible for multiple actions to be taken on one file. The total of these three categories do not necessarily add up to the number of investigations upheld.

Scale of regulatory actions (Increasing in severity)

Letter of advice – this is a letter advising the firm or regulated person that they have breached a rule. It is used where there has been a minor breach and where there is a low likelihood of it being repeated.

Finding and warning – this outcome is used where the breach of a rule has had a moderate impact on a client or member of the public and where there is a low/moderate likelihood of the misconduct being repeated.

Reprimand or severe reprimand – These two sanctions, severe reprimand being the most harsh, are used where the impact of the misconduct is high. The likelihood of repetition can vary greatly.

Referral to the Solicitors Disciplinary Tribunal (SDT) – the SDT is an independent tribunal and has wider powers in relation to the application of sanctions than the SRA. We will refer a firm or regulated person to the SDT for a decision when we consider our own powers are insufficient given the seriousness of the misconduct. Files culminating in referral for disciplinary proceedings are sent on to our Litigation and Legal Advice Unit who will examine the evidence available and merits of the case before confirming whether proceedings will be issued or an alternative outcome may be suitable.

Practising Certificate & registration conditions

In addition to the disciplinary outcomes, the SRA can also impose conditions on a solicitor's practising certificate. This is not a disciplinary sanction, but a regulatory measure.

Application of conditions

Count of individuals affected	2010 Q2	2010 Q3	2010 Q4	2011 Q1
Solicitors with PC conditions applied	148	76	82	218
REL's or RFL's with conditions applied	0	0	0	1

The SRA can regulate the way solicitors work by placing conditions on their practising certificates. Some conditions restrict the ability to practise, and others outline steps that must be followed. For example, an individual may be barred from holding client money, from working in particular areas or law, or may be required to undertake certain training. These are not intended to be punitive, but as pragmatic measures to ensure public protection.

We also have powers to place conditions on recognised bodies & recognised sole practices.

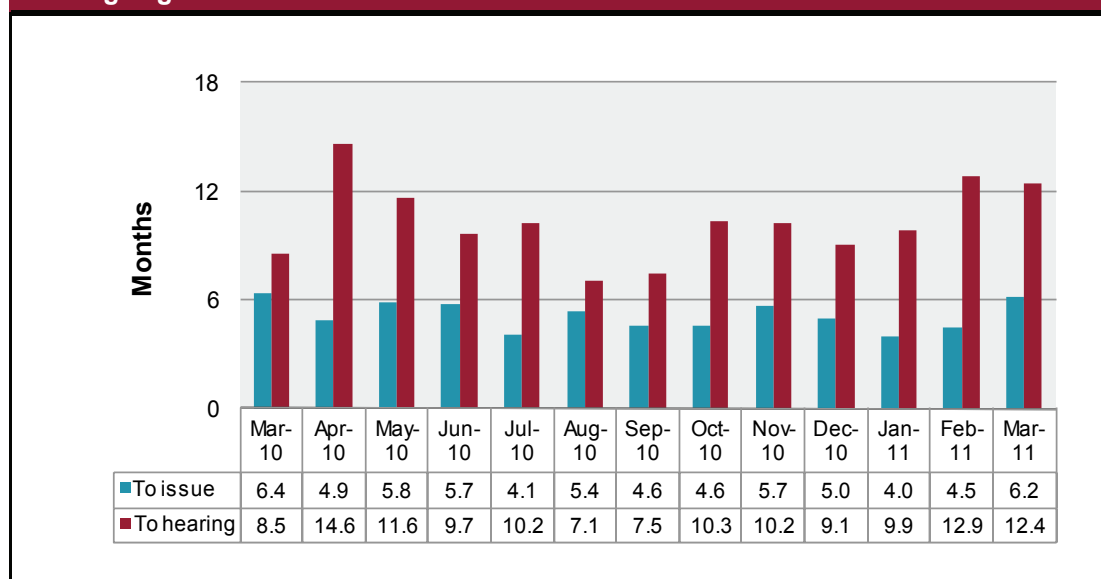
Disciplinary proceedings

All casework investigations resulting in a referral for disciplinary proceedings are passed to our Litigation and Legal Advice Unit.

Each set of proceedings issued may be the culmination of several different casework investigations, concerning the same individuals or firm, that we choose to combine into a single case.

Our Legal Advocates (or solicitors that we appoint) will put together a case to issue before the Solicitors Disciplinary Tribunal (SDT), and aim to do so within a target of 6 months. The SDT, in turn, aims to hear matters within 6 months of issue. This quarter, we issued 38 sets of proceedings.

Average age of tribunal referrals issued and heard



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. This allows the SRA to restrict the employment of certain individuals within regulated firms where necessary.

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 may be a time lapse.

The table below provides a breakdown of the orders made by the SDT on cases issued by the SRA.

SDT orders

Year on year	12 months to Mar 10	12 months to Mar 11	Variance	Monthly average Last 12 months
Fined	180	122	-32%	10
Struck off	91	86	-5%	7
Suspended	48	55	+15%	5
No order	25	12	-52%	1
Reprimand	45	42	-7%	4
Other	40	45	+13%	4
TOTAL	429	362	-16%	30

The total number of SDT orders decreased by 16% in the last 12 months.

Interventions

We intervene into a practice when it is necessary to protect clients' interests and client money. This usually has the effect of closing down the firm. 11 interventions took place in the last quarter, of which two involved reason to suspect dishonesty.

Interventions summary

12 month figures	Interventions effected	Suspected dishonesty	Non-dishonesty	Individual(s)	Sole Practice	2 - 5 Partner firm
12 months to Mar 10	92	30	62	0	70	22
12 months to Mar 11	59	12	47	0	44	15
% variance	-36%	-60%	-24%	-	-37%	-32%

The number of interventions in the last 12 months was 36% lower than in the 12 months to March 2010.

However, although the number of interventions has decreased during this time period, the proportion of interventions that were into sole practitioners has stayed constant.

The majority of interventions are into practices run by a sole practitioner. In cases where the intervention is not into a sole practice then typically all partners within the firm (or members of an LLP / directors of a company) will be subject to the intervention. Occasionally we will intervene into the practice of an individual within a firm, leaving the rest of the firm to continue.

Grounds for intervention

Most common grounds for intervention

<i>For the 92 interventions in the 12 months to Mar 2010 and the 59 interventions in the 12 months to Mar 2011</i>	12 months to Mar 2010		12 months to Mar 2011	
	No. interventions	% of interventions	No. interventions	% of interventions
Protect interests of clients / beneficiary	75	82%	40	68%
Accounts rule breaches	54	59%	27	46%
Code breaches	30	33%	18	31%
Reason to suspect dishonesty	30	33%	12	20%
Bankrupt / insolvency of LLP	7	8%	9	15%

The circumstances in which we can intervene are set out in statute, and include a public interest test. The 5 most common grounds for intervention over the last 12 months are shown in the table above - many interventions take place for several different reasons so may have multiple grounds.

'Protect interests of clients / beneficiary' has been recorded as grounds for an intervention since the enactment of the relevant provisions of the Legal Services Act 2007 on 31st March 2009. This relates to situations where a solicitor has acted in such a way that the interests of former or potential clients require protection.

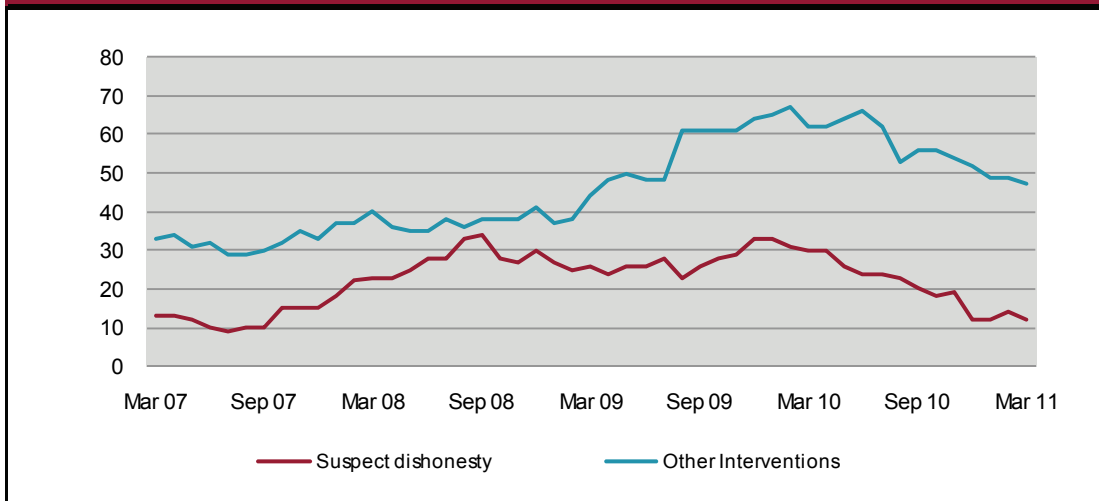
Interventions

Timeliness

Where dishonesty is suspected, the unit's target is to effect the intervention within 3 working days of the resolution to intervene being passed. Otherwise the target is to effect the intervention within 5 working days. All of the interventions taking place in the last 12 months were within the target.

Long term trends

Number of interventions effected: 12 months rolling



During the last 12 months the proportion of interventions where dishonesty was suspected has decreased from 33% to 20%. The last quarter saw 18% of interventions with suspected dishonesty as a ground.

The proportion of interventions where dishonesty has been suspected has been low for a sustained period in the past. In the whole of 2005 just 15% of interventions carried this ground.

Claims management

The **Claims Management Unit** handles applications for grants from the Compensation 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 into. The Claims Management unit also deals with claims for the repatriation of funds held in Statutory Trust following an intervention.

Claims and payments made in the last 12 months

Overview of claims and payments

	Q2 2010	Q3 2010	Q4 2010	Q1 2011
No. of new claims	1248	992	793	661
Total amount claimed	£32.22 m	£41.01 m	£18.12 m	£37.83 m
£ paid out	£7.61 m	£5.72 m	£8.92 m	£5.03 m

This table shows a quarterly comparison of claims made on the fund and payments issued in the last 12 months.

Figures are shown as currently recorded, but the value of claims may change during the course of an investigation.

The number of claims received decreased again this quarter. However, the amount claimed currently shows as more than double that claimed in the previous quarter.

The average claim amount increased this quarter. The average claim amount for quarter 1 was £63,050.

New claims made on the Fund

New claims received

Number of claims by reason	Q2 2010	Q3 2010	Q4 2010	Q1 2011
General client money	723	678	489	498
Counsel fees	65	10	23	12
Mortgage fraud	46	62	29	9
Experts fees	24	23	53	9
Probate	21	22	23	17
Stamp Duty Land Tax	303	153	138	49
Retention	10	6	11	4
Unredeemed mortgage	11	5	5	2
Gross overcharging	2	0	3	2
Other / unspecified*	43	33	19	59
Total	1248	992	793	661

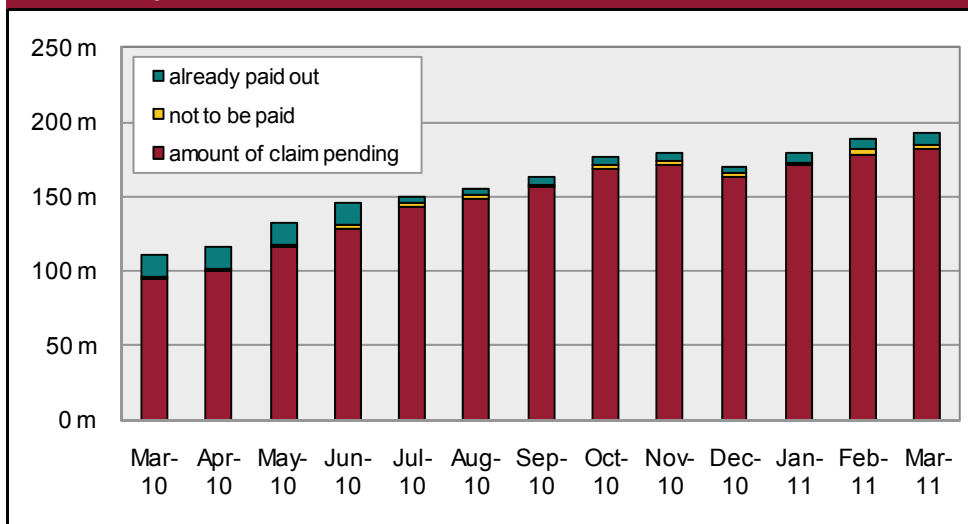
* A large proportion of claims categorised as 'other' would be those relating to non-barrister professional fees.

Claims management

Ongoing claims

The graph below shows the total value of the 2,226 claims currently under investigation.

Value of open claims at month end



The value of open claims at the end of March was £183m, this is 12% higher than the value at the end of December and £88m more than at the same time in 2010. This is due to an increase in the average claim amount.

Payments on application concluded

The following table shows whether claims that were closed in the last 12 months were paid, either partially or fully. This quarter has seen an increase in the proportion of claims closed with a payment made and a decrease in the number of claims closed.

Claims closed				
Payment status	Q2 2010	Q3 2010	Q4 2010	Q1 2011
No. of claims closed	734	1195	1324	899
Payment made	57%	44%	45%	52%
Not paid	43%	56%	55%	48%

The next table shows the amounts claimed and paid on matters that were closed in each quarter. This does not relate to the amounts paid out within the quarter, these figures are shown on the previous page.

Payments on claims closed				
Proportion paid	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Total amount claimed	£10.08 m	£12.59 m	£23.03 m	£24.58 m
Total paid out	£4.58 m	£3.52 m	£6.99 m	£8.99 m
% paid	45%	28%	30%	37%

Resources

Budget

This quarter's report includes details of the SRA accounts for the first quarter of 2011. The year end figures for 2010 have not yet been finalised and so will be included in next quarter's report.

Direct costs summary for the 3 months to March 2011

Amounts in £000's	YTD actual	YTD forecast	variance	% variance
Total Staff Expenditure:	-6,548	-6,465	-83	-1.3%
> Salary Costs	-6,416	-6,286	-130	-2.1%
> Other staff costs	-132	-179	+48	+26.5%
Total Administration Costs	-3,752	-6,343	+2,590	+40.8%
GROSS Expenditure (before recoveries)	-10,300	-12,808	+2,508	+19.6%
Recoveries	3,980	5,097	-1,117	-21.9%
GROSS Expenditure (after recoveries)	-6,320	-7,711	+1,391	+18.0%
Income	1,702	1,479	+223	+15.1%
NET EXPENDITURE	-4,618	-6,233	+1,614	+25.9%
Shared Services Allocation	-10,696	-10,696	0	-

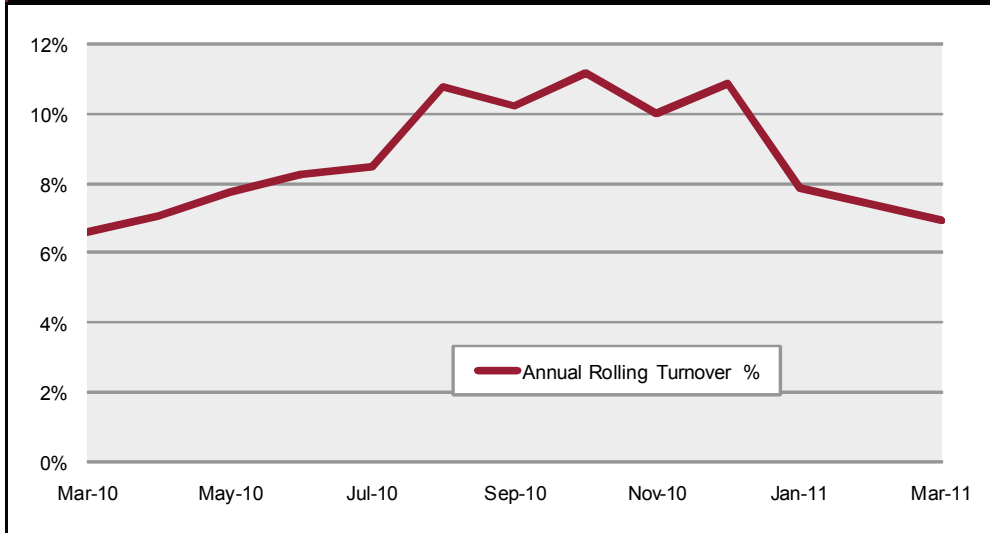
Note: A positive variance denotes favourable position against forecast.
A negative variance denotes an adverse position against forecast.

Resources

Human resources & development

As at 31st March 2011, the SRA has 530 full time equivalent (FTE) permanent employees. In addition, there are 88 FTE fixed term temporary employees and 42 FTE agency and contractor staff.

Staff turnover - rolling 12 months



Staff turnover for the 12 months to March 2011 stands at 6.9%. The staff turnover calculation is based on the number of staff leaving in the previous 12 months as a proportion of average headcount during the same period. The SRA is undergoing a restructuring exercise which partly explains the increase in turnover during the latter part of 2010.

Glossary

Abbreviations and internal terms

ARP	Assigned Risks Pool
ASC	Application by Solicitors' Clerk
CIAO	Casework Investigations and Operations
CIU	Conduct Investigation Unit
CRB	Criminal Records Bureau
DPs	Disciplinary Proceedings (taken before the Solicitors Disciplinary Tribunal)
FCIB	Fraud & Confidential Intelligence Bureau - the SRA department responsible for intelligence gathering.
FI	Forensic Investigations Unit who deal with high risk cases requiring on-site investigation.
FTE	"Full-time equivalent", a measure of the number of staff based on hours worked The budget FTE - actual FTE equals the number of vacancies
HRD	Human Resources & Development
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
LDP	Legal Disciplinary Practice
LLP	Limited Liability Partnership
LSB	Legal Services Board
OFR	Outcomes-focused regulation
PC	Practising Certificate
PSU	Practice Standards Unit
QLTT	Qualified Lawyers Transfer Test (part of the Qualified Lawyers Transfer Regulations which closed to new applicants 1 September 2010)
QLTS	Qualified Lawyers Transfer Scheme (the new scheme running from 1 September 2010 for lawyers wishing to transfer from other jurisdictions)
RADC	Risk Assessment and Designation Centre who risk assess all non-confidential incoming information
REL	Registered European lawyer
RFL	Registered foreign lawyer
RIU	Regulatory Investigation Unit
SDT	Solicitors Disciplinary Tribunal
SRA	Solicitors Regulation Authority
Tribunal	The independent Solicitors Disciplinary Tribunal (SDT)
WIP	Work In Progress - cases which are continuing