



Solicitors
Regulation
Authority

SRA Summary of Performance Measures and Statistics

September 2008

Contents

This is the second quarterly edition of the SRA's Summary of Performance Measures and Statistics. This quarter, there is further analysis of interventions, including a breakdown of subjects of interventions by ethnicity. There is also new reporting on the reasons for claims made on the compensation fund and proportion of claims that are successful.

The Equality and Diversity Monitoring Data within this report is limited just to the area of Interventions and concerns ethnicity. Further analysis of this area, along with monitoring data and analysis covering gender and age, will be published in a dedicated supplemental report to follow. The report will cover a wider spread of the SRA's activities.

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Headline Summary

Solicitors Disciplinary Tribunal orders continue to show a slight year on year increase. Reprimands in particular are up, having more than doubled over the period.

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

▶ [see page 4](#)

Time to issue our **SDT Prosecutions** to the tribunal continues to improve. The proportion of cases issued within the target of 6 months rose to 68% from 45% last quarter.

Despite an increase in the number of cases in progress, the team has reduced the number awaiting issue of proceedings by more than 30% over the last 12 months.

▶ [see page 5](#)

The **Practice Standards Unit** is still exceeding its target for numbers of visits undertaken this year to date, with over 890 inspections taking place during the last nine months.

Firms receiving a monitoring visit from the unit generate between 15 and 22% less complaints following a visit.

▶ [see page 7](#)

The **Conduct Investigation Unit** has seen a sharp rise in receipts during the last 6 months.

However, the work in progress has reduced this quarter, thanks to a significantly high number of closures during July.

▶ [see page 8](#)

58% of **Regulatory Investigations'** investigations closed in the last 12 months resulted in allegations being upheld, or individuals being referred to the Solicitors Disciplinary Tribunal.

▶ [see page 9](#)

Numbers of **Interventions** continue to rise, with an 80% increase year on year. The increase is due almost entirely to interventions where we had reason to suspect dishonesty. Breaches of the Solicitors Accounts Rules are also increasingly leading to intervention.

The recent increase follows 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.

Around 20% of interventions in the last 12 months were into firms of 2 to 4 partners, with 4 interventions in the last 12 months relating to a single individual's practice within a firm.

▶ [see pages 10 - 12](#)

The average value of claims made on the **Compensation Fund** has increased from around £8,000 to almost £42,000.

Outstanding liability on the fund has more than tripled over the first nine months of this year and now stands at £45.9 million, but the proportion of claims that are successful is decreasing year on year.

▶ [see pages 13 - 14](#)

In the **Information Directorate**, the Contact Centre is entering its busiest time of the year around PC renewal time. Although abandonment rates have increased slightly and service levels are down this quarter due to the increased call volumes, overall service has improved significantly on last year.

QLTT Applications saw another sharp rise in August, in advance of the changes to guidelines introduced in September.

▶ [see page 15](#)

Our **Ethics Guidance Helpline** continues to deliver improvements to their service, with record service level and abandonment rates during September.

Nearly 1,000 written enquiries were received during the last quarter, with performance against the 10 working day service level slipping slightly due to reduced staff resource during August and training for new team members in September.

▶ [see page 16](#)

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 Sept 07	12 months to Sept 08	Variance	Monthly Average to Sept 08
Fined	97	112	+15%	9.3
Struck Off	76	55	-28%	4.6
Suspended	45	50	+11%	4.2
No Order	6	7	+17%	0.6
Reprimand	21	49	+133%	4.1
Other *	28	22	-21%	1.8
TOTAL	273	295	+8%	24.6

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

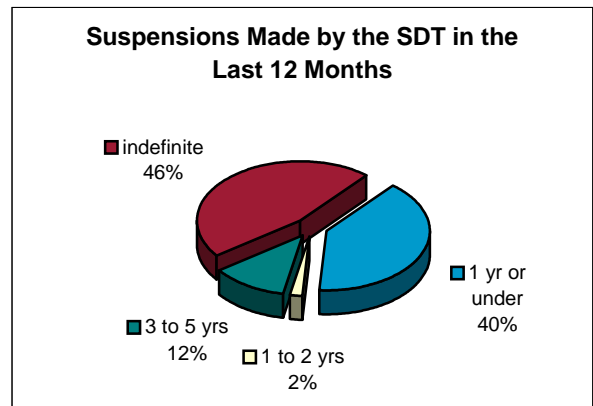
Section 43 orders relate to non-solicitors. They are used to prevent a solicitor from employing a person subject to the order without first obtaining the written permission of the office. Section 47.2(g) allows for a condition to be placed upon a former solicitor who has been removed from the roll so that they may not be restored to the roll except by means of an order of the Tribunal.

The SDT made 68 orders on Tribunal Proceedings brought by the SRA against solicitors in the third quarter of 2008. The table above gives a breakdown of orders made in the last 24 months, showing a year on year comparison.

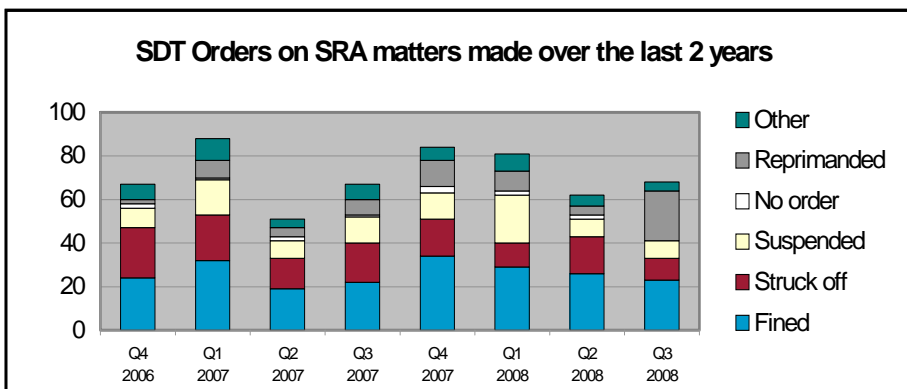
The most common order made is that of a fine, with an average of 9.3 each month since October 2007.

The number of reprimands issued has more than doubled year on year, with a particularly high number this quarter. This was mainly due to one case involving 12 individuals, each of whom received a reprimand.

The rise in suspensions is now tailing off, with just an 11% rise seen year on year by the end of September 2008. The proportion of suspensions made for an indefinite period has fallen slightly to 46%. Where the order was made for just a fixed period of suspension, this is most commonly for 1 year or less. Orders to strike someone from the roll of solicitors have decreased year on year.



Numbers of Section 43 orders show a 31% increase over the same period.



The number of orders issued over the last two years is shown quarter by quarter in the graph on the left. This quarter, there were no hearings of SRA matters during August.

The graph shows the recent surge in reprimands, as well as the decrease in orders to strike individuals from the roll of solicitors.

Legal Prosecutions

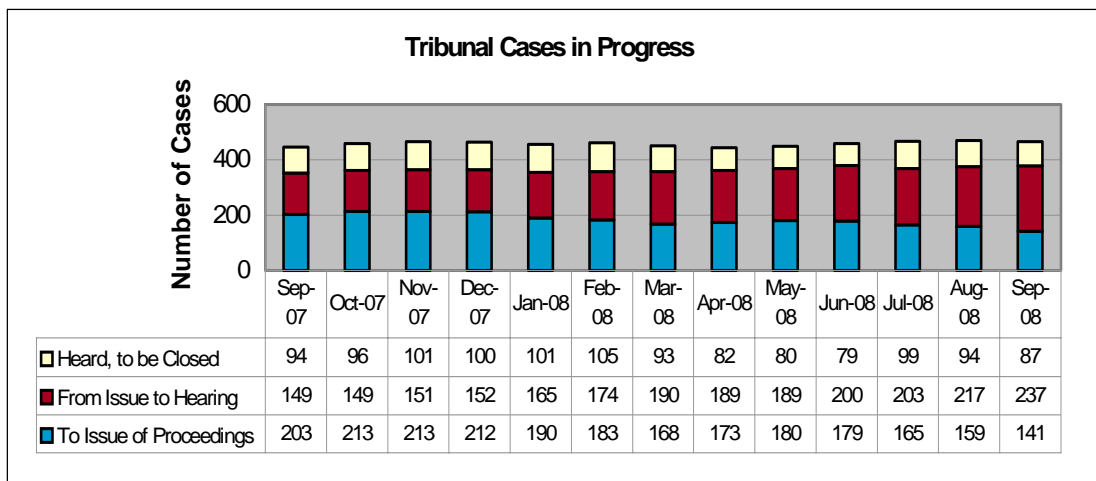
The **Disciplinary Proceedings Team** is responsible for the prosecution of solicitors before the Solicitors Disciplinary Tribunal (SDT) and the conduct of litigation in respect of the exercise of the SRA's regulatory powers. The recovery of the costs associated with these activities is handled by the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

A new Tribunal matter file 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.

The team also deals with Applications by Solicitors or Clerks (ASC matters) where the SRA is the respondent in appeals being made directly to the Tribunal about previous Section 43 orders or concerning a decision to remove or suspend an individual from the roll of solicitors.

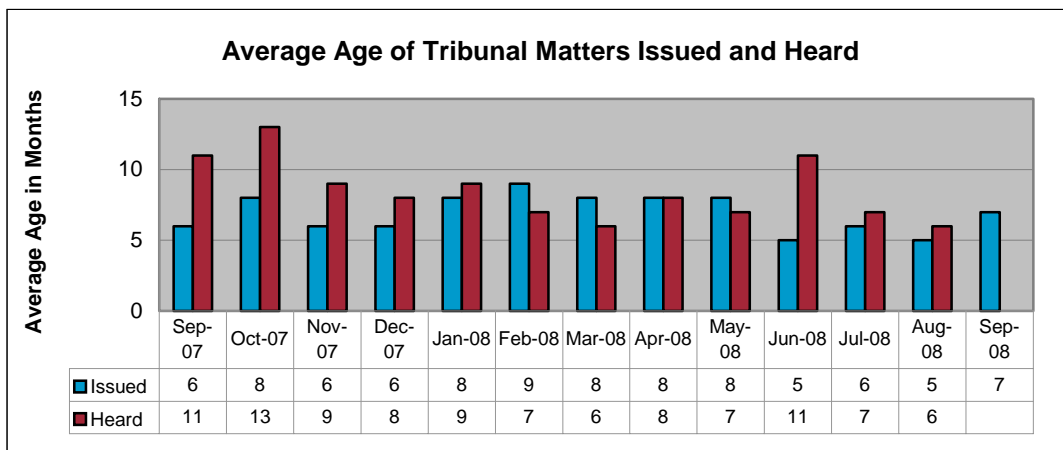
Tribunal Cases	12 months to Sept 07	12 months to Sept 08	Variance	Monthly Average to Sept 08
New Cases	312	317	+2%	26
Closed Cases	302	300	-1%	25

The following chart shows the number of Tribunal cases in progress as at each month end. In the last 12 months the unit has achieved a 31% reduction in the number of matters that are currently still being working upon to put together a case to lodge with the SDT (shown in blue). The majority of other cases are already prepared but awaiting hearing at the SDT (shown in red).



In addition to these 465 Tribunal proceedings, there are also 29 ASC matters in progress.

This chart below shows the average age of Tribunal matters issued by the Disciplinary team in a given month ('Issued'), and the average time taken from issue to the hearing date at the Tribunal ('Heard').



The Unit has maintained a reasonable average over this quarter for the time taken to issue proceedings, close to the target of 6 months. In terms of the proportion of matters issued to target, we have seen consistent improvement through the year, with 68% within target this quarter.

Note: Average time from issue to hearing for September 08 is not yet available due to technical problems with reporting.

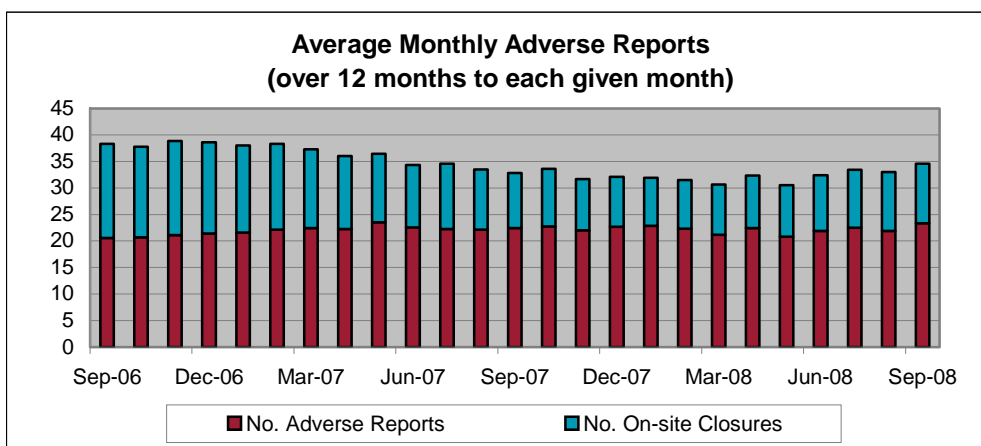
Inspection & Investigation

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.

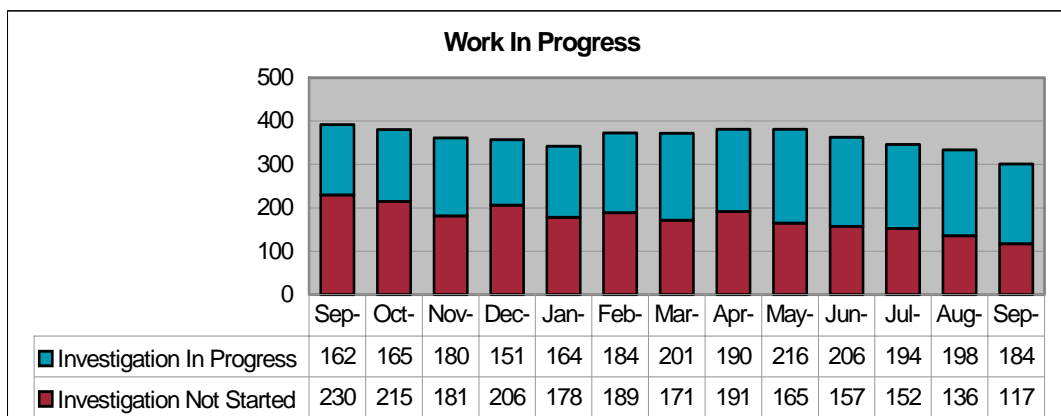


Resource has generally been better focussed on firms posing serious regulatory risk over 2007

and 2008, with very similar numbers of adverse findings to those seen in 2005 and 2006, but fewer visits that did not turn up serious breaches and were closed on-site or shortly after without any adverse report. However, recent months have seen an increase in the numbers of on-site closures.

Forensic Investigations	12 months to Sept 07	12 months to Sept 08	Variance	Monthly Average to Sept 08
New Investigations Authorised	410	396	-3%	33
Investigation Concluded	394	415	+12%	35
Rescinded / Other	51	72	+41%	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). There has been a year on year increase in both the number of investigations concluded and the number rescinded.



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 work in progress has steadily decreased this quarter following a reduced number of new investigations authorised. Investigations not started have also decreased to nearly half their amount in September last year, meaning 61% of investigations are currently in progress.

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 Sept-07	To Sept-08	To Sept-08 Target	Variance to Target
Full Risk Profiles Completed	1028	1281	990	29%
Total Visits Completed	693	893	865	3%
Client Care Seminars	1	18	22	-18%

Firms receiving a monitoring visit from PSU generate between 15 and 22% less complaints following a visit, whereas firms who have not received a visit from the unit generate between 3 and 11% more complaints over the same period.

Visit Grades

Visit Grade	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Overall Grade	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08
A	20	9	16	6	11	17	11	1	2	3	4	5	5	3
B	68	68	54	29	52	75	59	2	8	4	0	5	3	5
C	26	13	25	10	31	36	22	3	10	8	12	6	3	5
D	4	6	5	4	5	5	2	4	13	10	7	8	11	9
No Grade	0	0	0	0	0	0	0	5	27	29	27	30	28	33
Awaiting Grade	0	0	0	0	0	2	11	6	11	3	16	14	6	6
Total Visits	118	96	100	49	99	135	105	7	21	10	10	20	8	6
% Grade C / D	25%	20%	30%	29%	36%	30%	23%	8	3	3	2	4	0	1
								9	0	0	1	0	0	0
								Awaiting Grade	6	4	6	13	15	41
								Total Visits	101	74	85	105	79	109
								% Grade 5 - 9	61%	61%	66%	65%	53%	-

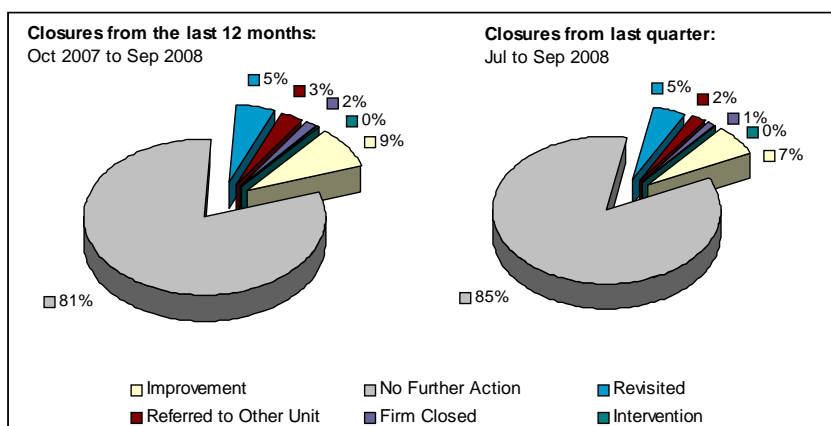
A new grading system has been in place since April this year. The system is based on a 1 to 9 scale, 1 being the least serious and 9 being the most serious. It makes use of the SRA risk classification, but also incorporates other factors, and aims to be more systematic in its approach.

Internal Referrals

2.7% of firms were formally referred to another SRA Unit for action so far in the last quarter, as compared with an overall percentage over the 12 months to September of 5.3%.

In addition, 11 intelligence referrals have been made in the last quarter (49 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 89.2% of files have been closed with either Improvement or No Further Action.

As the graphs suggest, there has been a slight decline in the proportion of files closed where an improvement was seen in the firm visited. This is coupled though with an increase in files requiring 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.

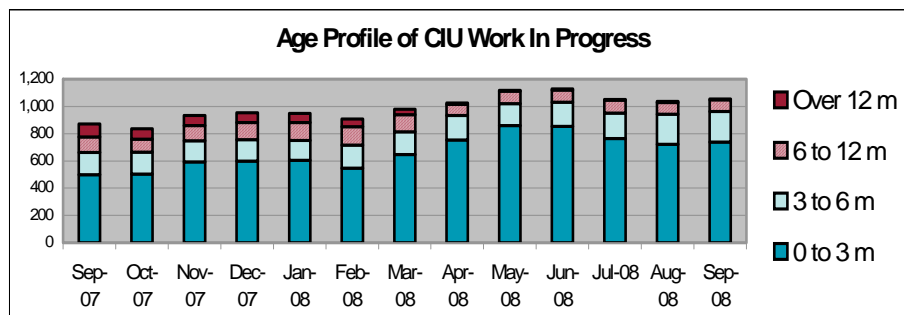
Age Profile of Investigations

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

Despite a sharp rise in receipts during the last 6 months, the work in progress has reduced this quarter. This is thanks to a significantly high number of closures during July.

RDC files are conduct investigations generated by referrals from the LCS. Since April 2008, the eligibility of a file for referral has been considered after just 3 months. This change has resulted in a large increase in the number of matters being referred over to the SRA for investigation into a solicitor's conduct.

From April 2008, the age profile of RDC matters has been calculated according to the age of the SRA's investigation. Prior to this, the time spent by LCS investigating service issues was included to satisfy LSCC reporting requirements. This has therefore impacted the overall age profile of the unit's cases.



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 Sept 07	12 months to Sept 08	Variance	Monthly Average to Sept 08
Not Upheld	4,137	4,300	+4%	358
Excluded matters	445	376	-16%	31
Required no regulatory action	3,692	3,924	+6%	327
Upheld	656	648	-1%	54
Letter of Advice	195	230	+18%	19
Formal decision made	461	418	-9%	35
Regulatory Settlement Agreement	0	0	-	0
Referred to SDT (see notes)	86	174	- *	15
Other	30	10	-67%	1
TOTAL	4,909	5,132	+5%	428

There has been an 18% 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.

The significant rise in matters with the outcome 'Referred to SDT' is due in part 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 8% in the number of files where allegations were either formally upheld or were referred to the SDT upon closure year on year.

* The 86 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 Sept 07	12m to Sept 08	Variance	Monthly Average to Sept 08
PC Conditions	1,860	1,973	+6%	164
Intervention *	60	99	+65%	8
Referral for Disciplinary Proceedings	391	360	-8%	30
Vest Discretion	232	233	+0%	19
No Action	221	184	-17%	15
Accountants Reporting Issues	775	769	-1%	64
Finding/Warning/Rebuke/Reprimand	379	393	+4%	33
Other	319	360	+13%	30
Costs Directions	387	356	-8%	30
TOTAL	4,237	4,371	+3%	364

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 **2,266** applications and concluded **1,893** investigations.

Applications:

Of those applications, **1501 (66%)** 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 **53** 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.

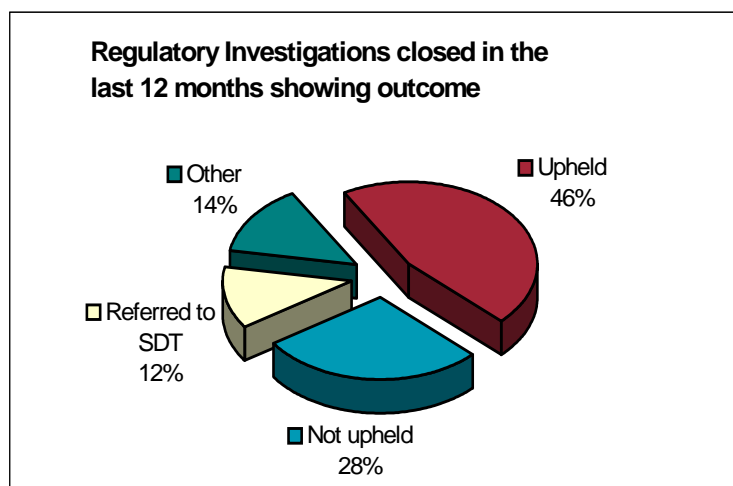
Investigations:

- The allegations under investigation were upheld in **861 (46%)** cases.
- **228 (12%)** resulted in a referral to the SDT.
- **639 (29%)** 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 84% of files closed in the last 12 months taking 6 months or less, up from 80% in the 12 months previous.



Client Protection

Interventions - overview, grounds for intervention

Client Protection conducts interventions into solicitors' practices, 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.

This Quarter's Interventions

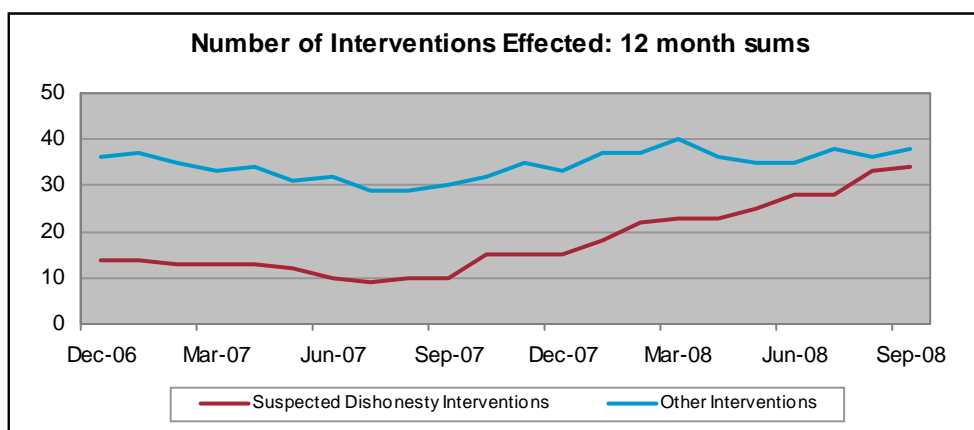
In the last 3 months there have been 19 interventions, 9 of which were effected on the grounds of suspected dishonesty. All 19 were effected within target. The unit's target is to effect the intervention within 3 working days where dishonesty is suspected, or within 5 working days otherwise.

Year on year comparison of interventions effected

12 m FIGURES	INTERVENTIONS EFFECTED	Suspected Dishonesty		Individual		
		Suspected Dishonesty	No Suspected Dishonesty	Sole Practitioner	2 - 4 Partner firm	
12 m to Sept 08	72	34	38	4	54	14
12 m to Sept 07	40	10	30	0	32	8
% variance	+ 80%	+ 240%	+ 27%	-	+ 69%	+ 75%

Interventions have increased by 80% year on year, with the proportion of those effected on the grounds of reason to suspect dishonesty also increasing. 47% of interventions effected in the last 12 months involved suspected dishonesty, as compared with just 25% in the previous 12 months.

Trends in Dishonesty vs 'Other' Interventions



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

Grounds for Intervention

The following table gives a breakdown of the 6 most common grounds for intervention.

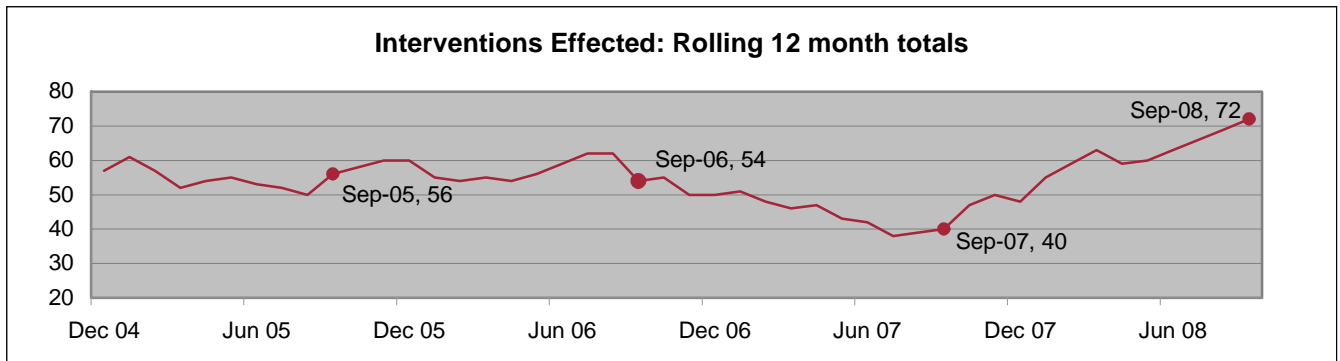
Grounds of Intervention	12 months to Sept 08		12 months to Sept 07	
	No. Interventions	% of Interventions	No. Interventions	% of Interventions
Abandoned practice	8	11%	5	13%
Bankruptcy	6	8%	6	15%
Breaches of Solicitors Accounts Rules	30	42%	13	33%
Practice Rule / Code Breaches	10	14%	9	23%
Struck off or suspended	3	4%	4	10%
Suspect dishonesty	26	36%	10	25%

As there may be more than one reason for a particular intervention, % figures are the % of interventions featuring a given ground. Breaches of the Accounts Rules leading to intervention have shown a particular increase year on year.

Client Protection

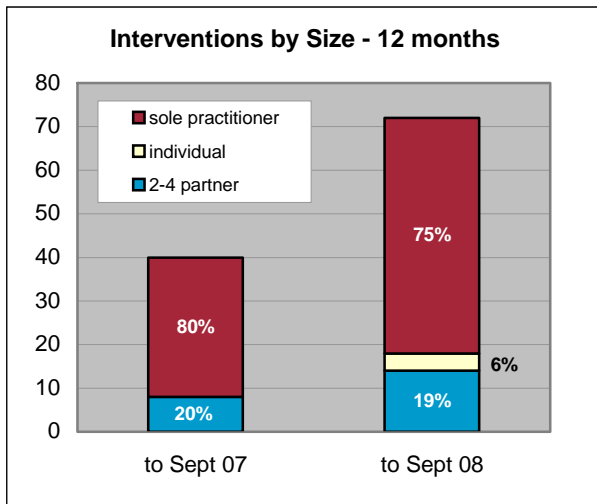
Interventions - long term trends, firm size, individuals subject to intervention

Long term trends



The increase in interventions on the grounds of suspected dishonesty and those relating to Accounts Rule breaches have contributed to a significant rise overall in numbers taking place. 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.

Firm Size



The majority of interventions are into practices run by an sole practitioner. The summary table on the previous page now gives a more detailed breakdown of the size of the intervention. In most cases, all partners within a firm (or members of an LLP) will be subject to an intervention, whether it is a sole practitioner firm or one with several partners / members.

Occasionally we will intervene into just one individual's practice within a firm, leaving the rest of the firm to continue. These are now shown separately, and it can be seen that although no individual practices were intervened into during the 12 months to September 2007, there have been 4 in the last 12 months.

Interventions into sole practitioner firms and 2-4 partner firms have both seen increases of around 70% year on year.

Breakdown of Subjects of Intervention by Gender

The following table shows a breakdown of individuals subject to intervention by Gender. Tables relating to ethnicity and age profile can be found on the next page. The breakdown of the population of practising solicitors from the start of each period is also shown for comparative purposes.

SUBJECT INDIVIDUALS OF INTERVENTIONS BY GENDER	12 months to Sept 08		12 months to Sept 07	
	Intervened Individuals	Solicitor Population	Intervened Individuals	Solicitor Population
Female	19 (22%)	48,770 (44%)	9 (18%)	45,978 (43%)
Male	69 (78%)	62,409 (56%)	40 (82%)	61,151 (57%)
TOTAL of known gender	88	111,179	49	107,129
Unknown gender	0 (0%)	0 (0%)	0 (0%)	0 (0%)
TOTAL INDIVIDUALS	88	111,179	49	107,129

Note: Percentage figures shown against each category are a percentage of the population of **known** gender.

This shows that the Male / Female split within the population of practising solicitors is much more even than that found amongst individuals subject to intervention: 12 months ago, 56% of solicitors were male, and over the 12 months which followed, the percentage of males that were subject to intervention was much higher at 78%.

Client Protection

Interventions - equality and diversity monitoring data: ethnicity and age

Subjects of Intervention by Ethnicity

The following table shows a breakdown of the individuals subject to intervention in the last 24 months, as compared with the population of solicitors practising at the start of each 12 month period.

SUBJECT INDIVIDUALS OF INTERVENTIONS BY ETHNICITY	12 months to Sept 08		12 months to Sept 07	
	Intervened Individuals	Solicitor Population	Intervened Individuals	Solicitor Population
Asian / Asian British	9 (14%)	6,029 (6%)	5 (15%)	5,538 (6%)
Black / Black British	11 (17%)	1,803 (2%)	6 (18%)	1,674 (2%)
Chinese / other ethnic group	1 (2%)	1,033 (1%)	1 (3%)	917 (1%)
Mixed	0 (0%)	457 (0%)	0 (0%)	367 (0%)
White / European	43 (67%)	86,748 (90%)	22 (65%)	84,128 (91%)
TOTAL of known ethnicity	64	96,070	34	92,624
Unknown ethnicity	24 (27%)	15,109 (14%)	15 (31%)	14,505 (14%)
TOTAL INDIVIDUALS	88	111,179	49	107,129

Note: Percentage figures shown against each category are a percentage of the population of **known** ethnicity.

Although the number of individuals subject to intervention has increased significantly year on year, the breakdown by ethnicity has remained fairly constant.

It must be noted that the large proportion of the population whose ethnicity is unknown could be impacting significantly upon apparent trends. Furthermore, where the ethnic breakdown of the solicitor population is based on a population of near 100,000, the interventions data is only dependant upon a population of 64 Solicitors (meaning each individual constitutes 1.5% of the population of known ethnicity). This means that any conclusions drawn must be tentative.

The figures indicate that there is some disproportionality, with solicitors in the Asian / Asian British and Black / Black British categories featuring more highly among intervened individuals than might be expected from their relative population sizes.

Subjects of Intervention by Age Profile

SUBJECT INDIVIDUALS OF INTERVENTIONS BY AGE PROFILE	12 months to Sept 08		12 months to Sept 07	
	Intervened Individuals	Solicitor Population	Intervened Individuals	Solicitor Population
30 or under	1 (1%)	21,001 (19%)	0 (0%)	20,188 (19%)
31 to 40	18 (20%)	39,032 (35%)	4 (8%)	38,022 (36%)
41 to 50	31 (35%)	27,352 (25%)	23 (48%)	26,381 (25%)
51 to 60	30 (34%)	17,585 (16%)	18 (38%)	16,923 (16%)
61 and over	8 (9%)	5,631 (5%)	3 (6%)	5,019 (5%)
TOTAL of known age	88	110,601	48	106,533
Unknown age	0 (0%)	578 (1%)	1 (2%)	596 (1%)
TOTAL INDIVIDUALS	88	111,179	49	107,129

Note: Percentage figures shown against each category are a percentage of the population of **known** age.

The age profile of intervened individuals has shifted quite significantly year on year, coming slightly closer into line with the overall population of practising solicitors. In the 12 months to Sept 07, the vast majority of subjects of intervention were aged 41 to 60, with a more even spread in the last 12 months over 31 to 60.

Further monitoring data and analysis by E&D strands can be found in our supplemental report to follow.

Client Protection Claims Management - overview, claim reasons

The **Claims Management** 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. Claims Management 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	New Claims	Value of Claims	£ Paid Out
12 m to Sept 08	1,649	£69.70 M	£7.92 M
12 m to Sept 07	2,091	£17.33 M	£8.45 M
variance	- 21%	+ 302%	- 6%

The table shows year on year comparison of claims made on the fund and payments issued. 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.

The amount paid out shows a slight decrease year on year, whilst the number of new claims has fallen. The average value of each claim has increased significantly (from around £8,000 to over £42,000), with the overall value of claims now showing a significant increase year on year.

Reasons for Claims made on the Fund

Claims on the Compensation Fund are categorised by the unit. The following breakdown does not include any matters relating to emergency funding, but compares the volume of new claims received in the last 12 months with the 12 months previous.

NEW COMPENSATION FUND CLAIMS	12m to Sept 07	12m to Sept 08	Variance
Costs and disbursements	101	121	+ 20%
Counsel's Fees	811	514	- 37%
General client money	895	896	+ 0%
Mortgage fraud/ misappropriated mortgage advance	2	25	+ 1,150%
Other	241	37	- 85%
Ratification	14	6	- 57%
Unredeemed mortgage	2	4	+ 100%
(blank)	25	46	+ 84%
TOTAL	2,091	1,649	- 21%

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

Claims for to general client money have remained almost exactly constant year on year in terms of volume, but the value of these claims has increased significantly over the same period - from an average size of £17,000 to £59,000.

Similarly the average size of claims relating to costs and disbursements has increased year on year, growing from around £1,500 to over £5,800.

In respect of claims relating to mortgage fraud or misappropriated mortgage advances, while numbers still remain relatively low, we have seen a significant increase in receipts.

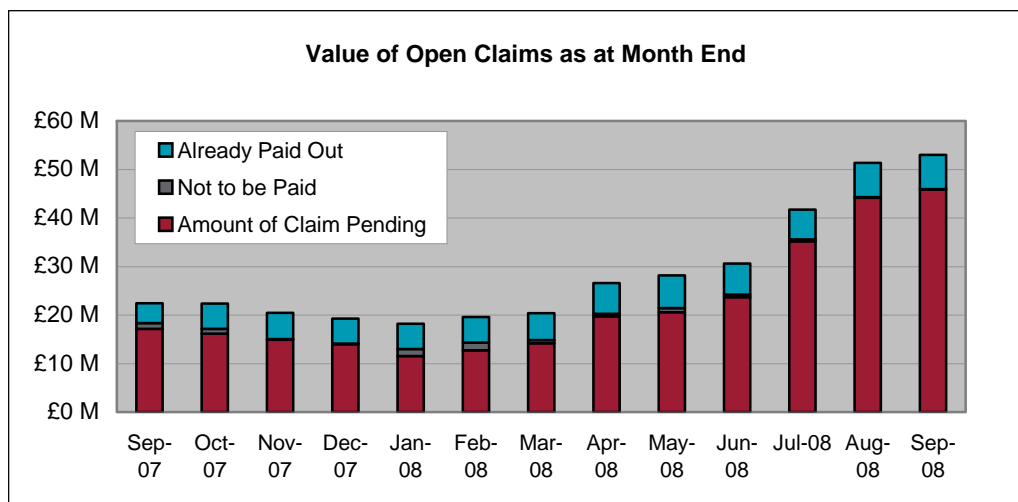
Overall numbers of new claims are down due mainly to claims in respect of Counsel and other Professional fees. These are now handled more efficiently by the unit and handled in bulk under a smaller number of distinct reference numbers.

Outstanding liability on the fund is shown on the following page, along with analysis of payments made on claim files recently concluded.

Client Protection

Claims Management - outstanding liability, applications concluded

Ongoing Claims



The above values include any matters relating to emergency funding which are excluded from the other analysis on these pages.

Although the value of open claims shows a significant increase, the *number* of applications open (not shown) has fallen further this quarter, in line with the trend seen over the last 12 months as a whole. While there may be fewer claims, the average value has risen significantly and now stands at over £60,000. This is as compared with an average claim value at the end of September 2007 of less than £10,000.

The amount of claim pending shown on the graph above is equivalent to the outstanding liability on the Fund. Particularly high value claims received in the last six months have caused it to increase significantly to £45.9M.

Payments on Applications Concluded

The following table shows the overall value represented by the claim files closed in the last 12 months and 12 months previous, against the amount paid out on these particular applications. Claim values have increased, but the 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
12 m to Sept 08	£64.36 M	£9.54 M	15%
12 m to Sept 07	£50.71 M	£18.63 M	37%
variance	+27%	-49%	-60%

The next table shows what this equates to in terms of individual claims rather than value of payments.

Amounts in £ million	NUMBER OF CLAIMS CLOSED	% PAID IN FULL	% PAID IN PART	% NOT PAID
12 m to Sept 08	3151	11%	11%	78%
12 m to Sept 07	3411	22%	11%	66%
variance	-8%	-50%	-7%	+18%

The figures show that just 11% of claims closed in the last 12 months were paid in full, with a further 11% paid in part. 78% of files were closed with no payment made. It is possible however, that files may be reopened after closure for further consideration.

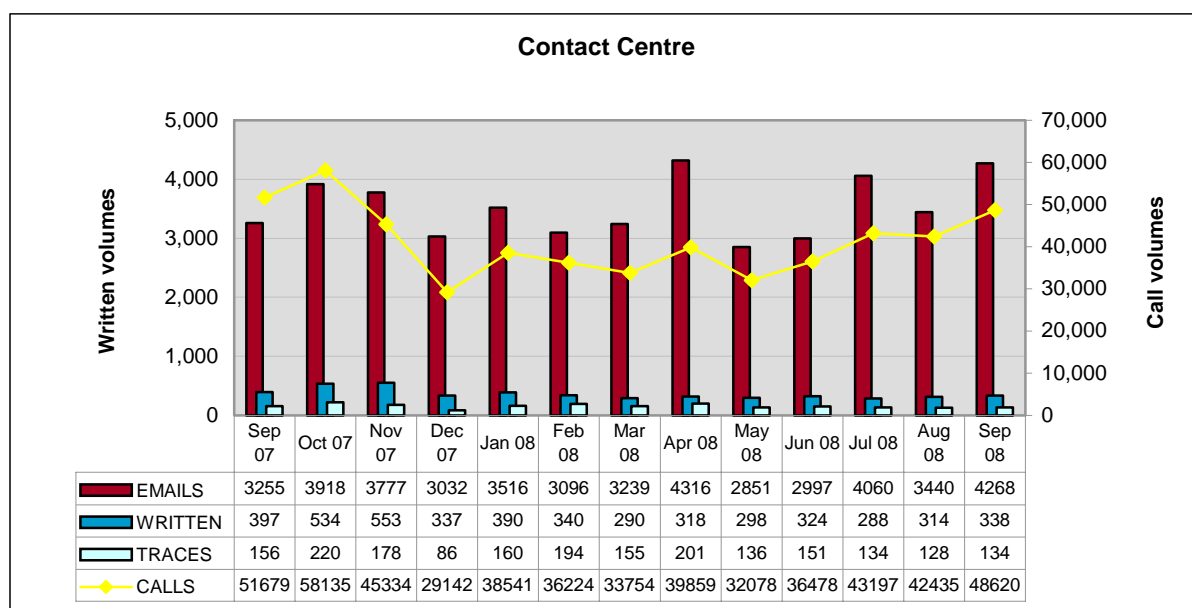
This is a decrease on the 12 months to September 2007 in which a third of files were closed with grants paid out, 22% for the full amount.

The shift in the proportion of claims paid out has been impacted significantly by a drive to tackle a large number of applications from Counsel. Having now dealt with this backlog, we are now able to enforce our rules around time limits for applications more robustly.

Contact Centre

The volume of calls into the Contact Centre remained reasonably steady through the start of 2008, but has risen in recent months in line with previous years where the significant peak in call volumes has been seen during the PC renewal period in the Autumn. 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. Although the proportion of calls abandoned has risen this quarter due to increased call volumes, YTD comparisons between this year and last show a significant improvement overall, with less than half of the number of calls abandoned this year to date, some 44,800 fewer calls. 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 15% reduction in calls this quarter compared with the same period in 2007.

The service level has been impacted by the seasonal increase in call volumes, and has fallen each month during the last quarter. This year to date, the service level measure is at 64%, against the target of 70%.



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.

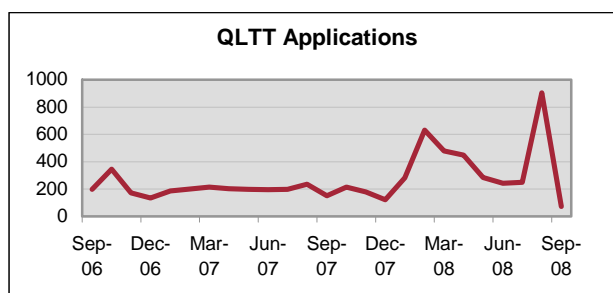
Student enrolment has now concluded, with over 10,800 applications received. This is around 300 applications more than were seen during the whole of 2007 and the whole of 2006. A dedicated student help-line received in excess of 19,000 calls over the six months to August.

The annual PC renewal exercise is now underway, with the large majority of applications still to be dealt with in the coming months.

The unit continues to make preparations for entity based regulation in line with the commencement of the Legal Services Act. A pilot commenced in September to gain feedback from the profession.

Caseworking & Applications Unit

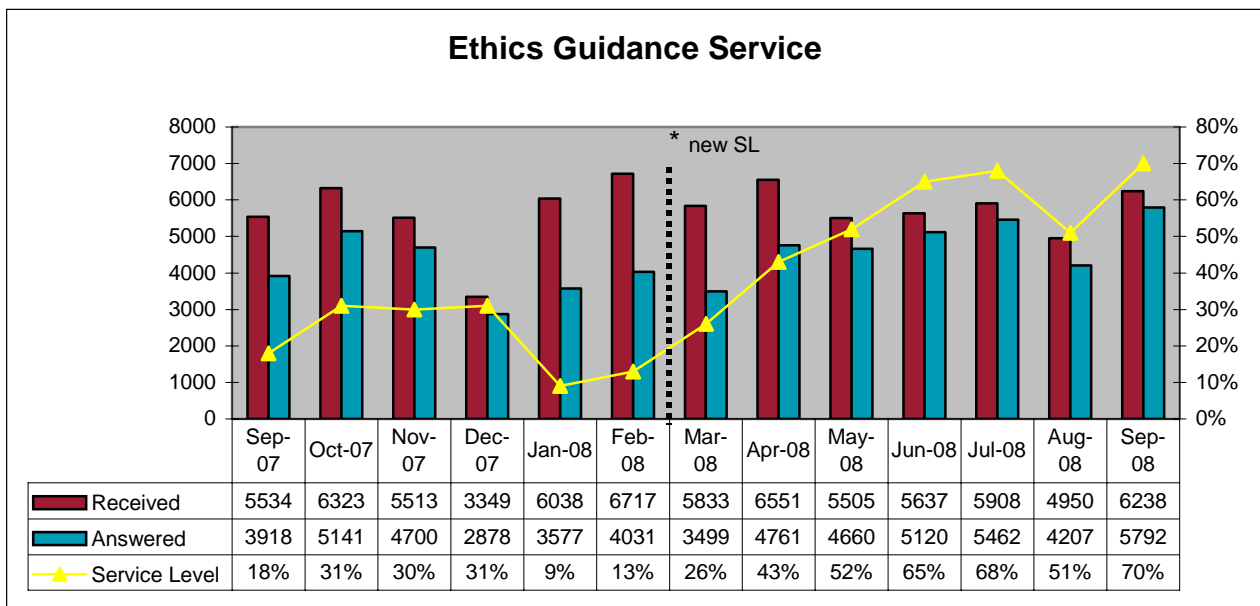
The high levels of QLTT applications had eased off in quarter 2 of 2008, but August saw a particularly large number of applications received. This brings the 2008 YTD figure up to 3,597 - 56% more than were received in the whole of 2007. The peak comes just before the introduction of interim changes to the guidance supporting the Qualified Lawyer Transfer Regulations made following our consultation earlier this year. These changes came into effect on 1 September 2008. A full revision of the Rules is planned to follow.



The proportion of practising solicitors who qualified via QLTT has risen by 17% (over 1,100 individuals). In terms of the full population of practising solicitors, this means a year on year rise from 6% to 7% who have entered the profession via QLTT.

Regulation Standards Ethics Guidance Service

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



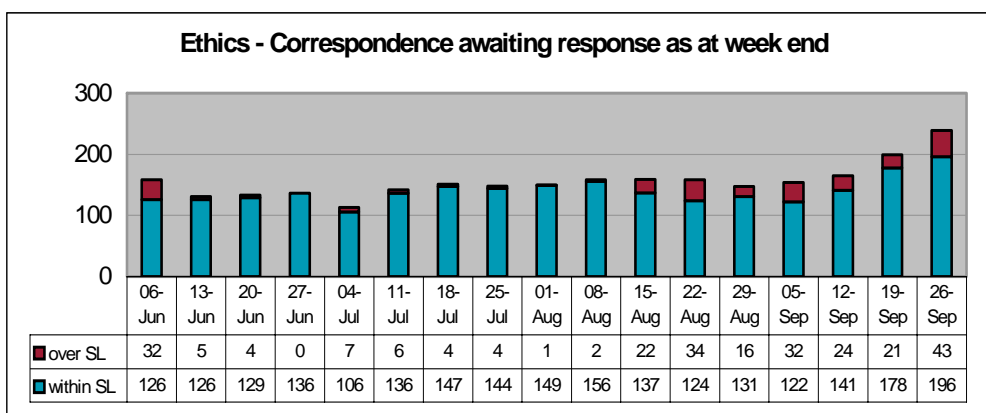
The Service Level on the graph above shows the percentage of calls that were answered within target timescales. Prior to 25 February 2008, this was 30 seconds. The service level target has since been revised, and all calls received since 25 February this year are measured against a target of 60 seconds.

Service levels have remained high overall this quarter, although we did see the first fall this year to date in August. This was due to planned annual leave coinciding with other necessary staff leave and staff vacancies over the summer period. All vacancies were filled by 1st September 2008 and intensive training is underway for new team members. During the month of September, the unit achieved a record service level of 70%, with abandoned calls at an all-time low of just 7%.

The number of calls answered increased again this quarter, and abandonment rates have been falling throughout 2008, from 40% in quarter 1, to 18% last quarter and now just 10% during quarter 3.

The most common areas on which the profession are sought advice this quarter were the following:

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



Written enquiries are now handled to an improved timescale (10 working day service level, or SL on the graph above). This quarter, the Guidance Team received over 990 written enquiries in addition to the 17,000 calls that came into the Helpline.

While telephone service levels have seen improvements over the quarter, correspondence has suffered slightly from reduced staffing over August and need to train up new starters during September. A special focus will be made in the coming months to deal with outstanding enquiries.

Appendix 1: HRD, Budget Report

Quarterly HRD Update

- As at 30th September 2008, the permanent staff FTE for the SRA was 540.44 with 75.8 vacancies. (There are 6 fixed-term temps and 30.00 FTE agency and contractors sitting against those vacancies).
- The budget FTE is currently 616.24
- 127.1 delegate days of training have been provided internally.

Budget Report

Direct Costs summary for the 9 months ending 30 September 2008.

£ 000's	YTD Actual	YTD Budget	Variance	% Variance
Total Staff Expenditure:	19,835	21,816	1,981	- 9%
> Salary Costs	17,998	20,460	2,462	- 12%
> Other staff costs	1,837	1,356	-481	+ 35%
Total Administration Costs	7,972	9,137	1,165	- 13%
Total Other Costs	1,157	1,105	-53	+ 5%
GROSS Expenditure (before recoveries)	28,964	32,058	3,093	- 10%
Total recoveries	-6,987	-7,288	-301	- 4%
GROSS Expenditure (after recoveries)	21,977	24,770	2,793	- 11%
Total Income	-6,955	-6,516	439	+ 7%
NET EXPENDITURE	15,022	18,255	3,232	- 18%

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
Strategic priority 1: Building on, and maintaining the improvement in the timeliness of handling complaints			
Target T3: Number of live cases open for 12 months or more			
13 (including 11 exceptional)	n/a	No cases open over 12 months (apart from in exceptional circumstances)	2
Target T4: Number of live complaints-based SDT matters open for 18 months or more			
0	0	No cases open over 18 months	0
Strategic priority 2: Improving the outcome of decisions on complaints			
Target Q2: Percentage of closures where fair and reasonable outcome with no case failings.			
83% *	85%	90%	-5%
Strategic priority 3: Implementing the plan for complaints handling			
Target P1: Delivery of initiatives as required to achieve the business improvement outcomes identified in the Plan.			
<i>Performance against P1 is reported by means of detailed reports on specific initiatives provided to the SRA Board and LSCC.</i>			
Strategic priority 4: Improving cost efficiency in the handling of complaints.			
Target C2: 5% increase in caseworker productivity			
27%	23%	5% increase	17%

* 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

CCS	Consumer Complaints Service (now the LCS - see below)
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 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
CRB	Criminal Records Bureau
CRO	A complaint about inadequate professional service
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
FTE	“Full-time equivalent”, a measure of the number of staff. 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
Inspections	Term normally used in connection with Accounts Inspections by the Forensic Investigation department
KPI	Key Performance Indicator
LCS	Legal Complaints Service (formerly CCS)
LLP	Limited Liability Partnership
LSCC	Legal Services Complaints Commissioner
LSO	Legal Services Ombudsman
PC	Practising Certificate
PSU	Practice Standards Unit
QLTT	Qualified Lawyers Transfer Test
RDC	Redress Conduct - conduct issues arising from a redress matter handled by the LCS.
Regulatory	In this report, refers to the work of Regulatory Investigations
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, 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