



Solicitors
Regulation
Authority

SRA Regulatory Outcomes Report

September 2011

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1. Headline figures

In the third quarter of 2011 we have

- concluded **2,645** casework investigations
- risk assessed **1,827** allegations
- issued **67** sets of proceedings at the SDT
- issued proceedings at the SDT within an average of **5.7** months against a target of 6 months
- **14** individuals were struck from the roll
- effected **16** interventions
- effected **100%** interventions within target
- **1,806** claims in progress on the Compensation Fund with **£196m** pending
- paid **£3.31m** to claimants from the Compensation Fund
- answered over **150,000** telephone enquiries from the public & profession
- answered **12,337** calls to our Professional Ethics Helpline
- answered **79%** of calls to the Professional Ethics Helpline within 45 seconds

2. Introduction

2.1 About this report

This report presents regulatory outcomes data for the SRA for the year to September 2011. It looks at the work that the SRA has carried out during this period and the outcomes of this work.

The report focuses specifically on outcomes data. Previous quarterly reports have included key statistics about the regulated community and this information can now be found on our website. Please see <http://www.sra.org.uk/sra/how-we-work/reports/statistics/regulated-community-statistics.page> for key facts and figures about the regulated community. We update this webpage every month with the latest data about the profession.

The outcomes data presented in this report are structured around the functions of the SRA based on our target operating model. The SRA is currently going through a period of organisational reform associated with the move to outcomes-focused regulation (see section 2.2). As part of this programme of reform, many units within the SRA are changing to reflect this new way of regulating and as a result some of the outcomes that we report on will change. In addition to this, our new IT systems mean that much of our business will start to be conducted online and this will also impact on the outcomes that we report on. These ongoing changes mean that this report will continue to develop over the next few quarters as new functions become established and outcomes data for these functions become available.

If you have any feedback or queries regarding this report, or would like to receive it in an alternative format, please contact us at ManagementInformation@sra.org.uk

2. Introduction

2.2 Outcomes-focused regulation: the transformation of the SRA

The OFR programme has met its objectives and key deliverables during this quarter.

From July to September 2011, the SRA:

- confirmed that it was on track to introduce outcomes-focused regulation (OFR), including the new Code of Conduct for solicitors and other legal services providers regulated by the SRA, as scheduled on 6 October 2011. This was despite the delays, as a result of the Parliamentary timetable, over the introduction of Alternative Business Structures (ABS).
- published on line the final version of the new SRA Handbook which will underpin the introduction of outcomes-focused regulation on 6 October. The Handbook includes the updated Code of Conduct and can be accessed via the SRA's website at www.sra.org.uk/handbook. Producing the content was the result of two years' intensive preparation and significant effort by the SRA, working in consultation with partners including solicitor organisations, consumer groups and other stakeholders. The SRA has enhanced the Handbook's online presence to make it as user-friendly as possible for viewing. This includes the introduction of material that acts as a guide to what's new, advanced search options that allow specific sections to be looked at, a quick guide to the Handbook itself and a section specifically for updates.
- delivered a further series of five roadshows—in London, Birmingham and Manchester. This follows thirteen successful roadshows held earlier in the year around England and Wales, many of which were over-subscribed, to update the profession on OFR and provide a briefing on the SRA Handbook.
- introduced a new-look website that surfaces common tasks, offers shortcuts to popular content and eliminates navigational dead-ends. It also features more images, to show the "human face" of the SRA. In July, several hundred people from across the regulated community—and members of the public—participated in successful user testing of the new design. The new website design also paves the way for a comprehensive review and overhaul of our information architecture in 2012.
- launched 'The Path to Outcomes-focused Regulation': <http://www.sra.org.uk/sra/how-we-work/reports/path-to-ofr.page>, the SRA's Annual Report on activities from 2009 to July 2011 which outlines the SRA's move away from a traditional, prescriptive regulatory approach towards becoming an outcomes-focused regulator better suited to the modern legal services market.
- published a guide to help prospective owners of alternative business structures (ABS) understand what steps they will need to take to make a successful application for a licence to operate an ABS. The short, easy-to-read guide is published on the SRA website at www.sra.org.uk/abs. It includes information about which firms need to be authorised as ABS, essential requirements and details about the application process.
- updated 'OFR at a glance' for the website in the light of changes to the ABS timetable.



2. Introduction

- began a telephone survey programme with the profession around outcomes-focused regulation (OFR), seeking feedback on our roadshows, webinars and the OFR micro site: 'Freedom in Practice'. The aim is to understand whether these engagement tools have been effective in communicating the details of OFR and helping the legal profession to prepare for the new approach to regulation.
- introduced a new question asking for information in the practising certificate renewal process, about the number and type of complaints a firm receives from its clients (first-tier complaints). We need this information because a fundamental requirement of the Legal Services Act 2007 requires the SRA to check that legal service providers have effective procedures in place to resolve complaints. Section 112(1) of the Act also legislates on enforcement of those requirements. The Legal Services Board (LSB), which oversees the SRA, expects the SRA to ensure that consumers have confidence in firms' complaints handling procedures, to provide effective safeguards for them; and to ensure that complaints will be dealt with comprehensively and swiftly, with appropriate redress where necessary. Recent research carried out by the LSB on first-tier complaints handling highlighted a gap between what is expected under the regulatory framework and what is actually happening.
- began a consultation on higher rights of audience in relation to the aims of the Qualified Lawyers Transfer Scheme, and on regulatory changes to support the Quality Assurance Scheme for Advocates (Crime). This consultation closes on 7 November 2011: <http://www.sra.org.uk/qasa-changes/>
- introduced a new Equality Framework, which sets out nine equality objectives for the SRA. The Equality Framework replaces the previous equality and diversity strategy, and will enable the SRA to continue to progress and promote its vision of equality and diversity in the move towards OFR. We will make sure that equality and human rights are embedded in the work that we are doing to get ready for OFR.
- launched, in September, a dedicated SRA Consumer Affairs function, and published its approach to Empowering Consumers under OFR: <http://www.sra.org.uk/sra/strategy/sub-strategies/empowering-consumers.page?ref=search>

3. Authorisation

The **authorisation** function ensures that those who enter the regulated system are fit to do so. Authorisation are responsible for making decisions on applications from firms and individuals to be recognised as approved suppliers of legal services and regulated by the SRA.

3.1 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 this quarter due to the end of the practising year. The number of applications completed is expected to increase in the next quarter as applications relating to the new renewal period are dealt with.

Caseworked Regulation 3 applications

Count of applications	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Individuals already subject to Regulation 3	99	360	154	32
..of which..				
Restrictions continued	19	145	77	17
Restrictions varied	6	38	49	10
Restrictions lifted	74	177	28	5
Individuals newly subject to Regulation 3	281	459	119	40
..of which..				
Restrictions imposed	21	58	54	29
No restrictions imposed	260	401	65	11
Application refused	0	3	2	1
TOTAL	380	822	275	73

Seven 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 two of the recognised bodies. There were a further seven applications dealt with for sole practitioner endorsement.

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 page 9.

4. Supervision

The **supervision** function provides a risk-based oversight of regulated firms and individuals. Supervision will constructively engage with all regulated firms to encourage firms to tackle risks to help improve standards and to provide the right outcome for clients.

Supervision are currently piloting a number of approaches to how they will supervise firms when we move to outcomes-focused regulation.

4.1 Casework investigations

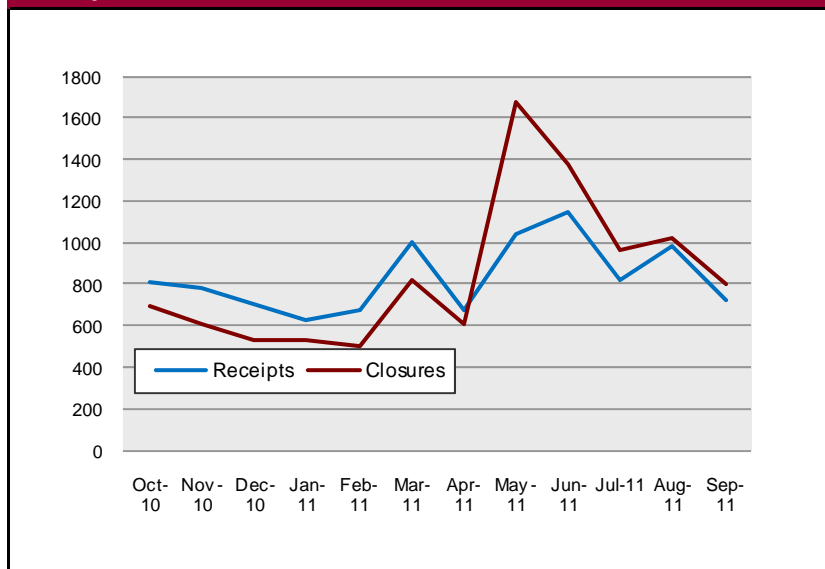
Casework investigations primarily take place within the **Conduct Investigation Unit** (CIU) and **Regulatory Investigation Unit** (RIU). CIU deals initially with all third party (non-client) complaints of misconduct received by the SRA as well as referrals of conduct information from the Legal Complaints Service and the Legal Ombudsman (LeO). The RIU investigate information about regulatory breaches and deal with adverse reports referred by the Forensic Investigations Unit. 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

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

This quarter has seen closures return to normal levels following the large number of allegations of misconduct that required no further action in quarter 2. The breakdown of outcomes of casework investigations can be found on page 9.

Receipts and closures



4. Supervision

This table 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	Q4 2010	Q1 2011	Q2 2011	Q3 2011	% variance from last quarter
Allegation upheld	287	364	358	367	3%
*Letter of advice	151	221	230	270	17%
*Finding and warnings	25	36	23	23	0%
*Rebuke / reprimands	49	64	44	30	- 32%
SDT referral	51	75	89	63	- 29%
Ongoing other action / Added to existing disciplinary proceedings	279	301	532	273	- 49%
No regulatory action required	1,173	1095	2606	1942	- 25%
TOTAL	1,790	1835	3585	2645	- 26%

* 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 (PC). This is not a disciplinary sanction, but a regulatory measure.

Application of conditions

Count of individuals affected	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Solicitors with PC conditions applied	82	218	107	46
REL's or RFL's with conditions applied	0	1	1	0

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.

4. Supervision

4.2 Practice standards visits

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

As part of changes to the SRA's organisational structure and the move to OFR, PSU has now closed and this function is now part of the new Supervision directorate.

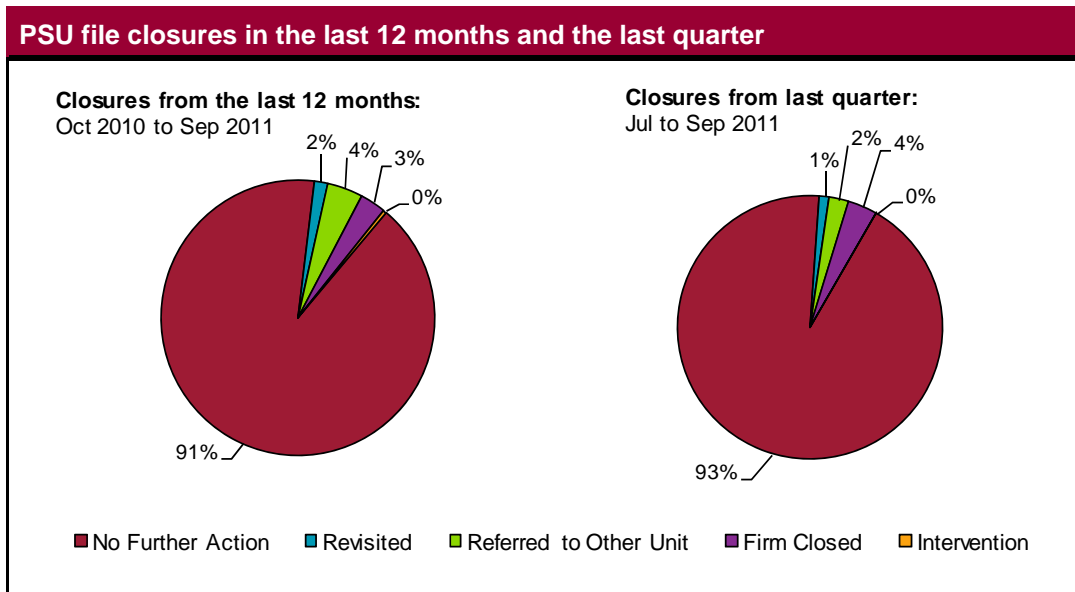
The number of visits carried out by PSU over the last four quarters are shown in the following table:

PSU visits				
Volumes	Q4 2010	Q1 2011	Q2 2011	Q3 2011
No. of visits	254	241	99	15
On-site days	256	288	105	7

The number of visits carried during quarter 3 has dropped due to the closure of the PSU during this quarter.

PSU have been undertaking a series of baselining visits to assess levels of compliance within firms. This is part of a 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.

Each visit file was given a final outcome upon closure. In the last 12 months 91% of files have been closed with 'No Further Action'.



5. Risk Centre

The **Risk Centre** provides an analysis of risks to underpin risk-based decision-making across the SRA. The centre uses horizon scanning to identify new risks and is developing a risk framework for the business.

The risk centre also includes the **Risk Assessment & Designation Centre (RADC)**. The 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:

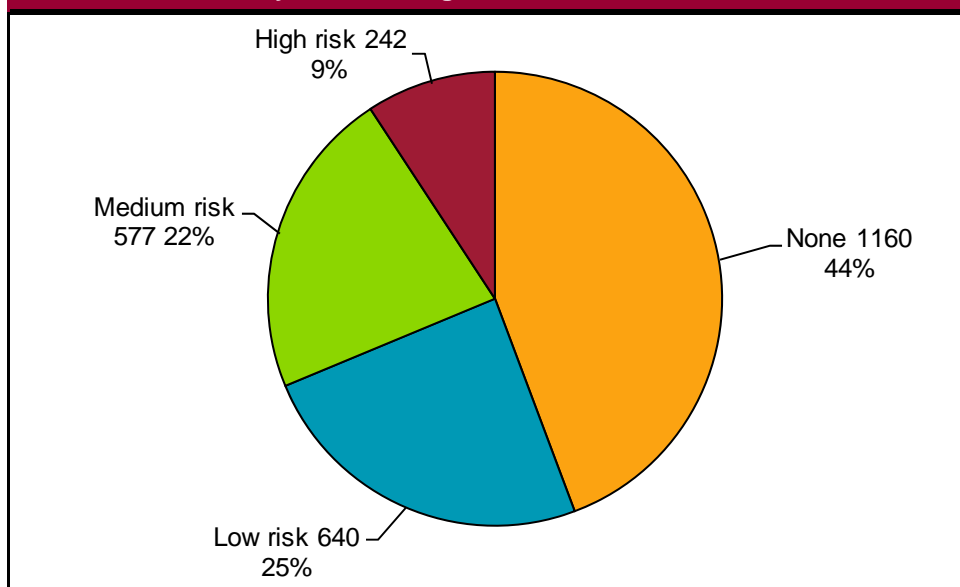
- **Proportionate** Regulators should only intervene when necessary. Remedies should be appropriate to the risk posed, and costs identified and minimised.
- **Accountable** Regulators must be able to justify decisions, and be subject to public scrutiny.
- **Consistent** Government rules and standards 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.

The RADC receives reports of regulatory information that 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.

Each item received into the RADC is assessed for risk and is categorised as either high, medium, low or no risk. The chart below is based on information received into RADC and shows the output by risk banding for quarter 3 2011. Of the 2,619 risk assessments carried out in the quarter, 44% were categorised as no risk, and 31% were classed as medium or high risk.

Risk assessments by risk banding - Q3 2011



5. Risk Centre

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 below. Each assessment may involve multiple allegations and so the number of assessments carried out does not necessarily relate to the number of allegations.

Allegations received by compliance risk

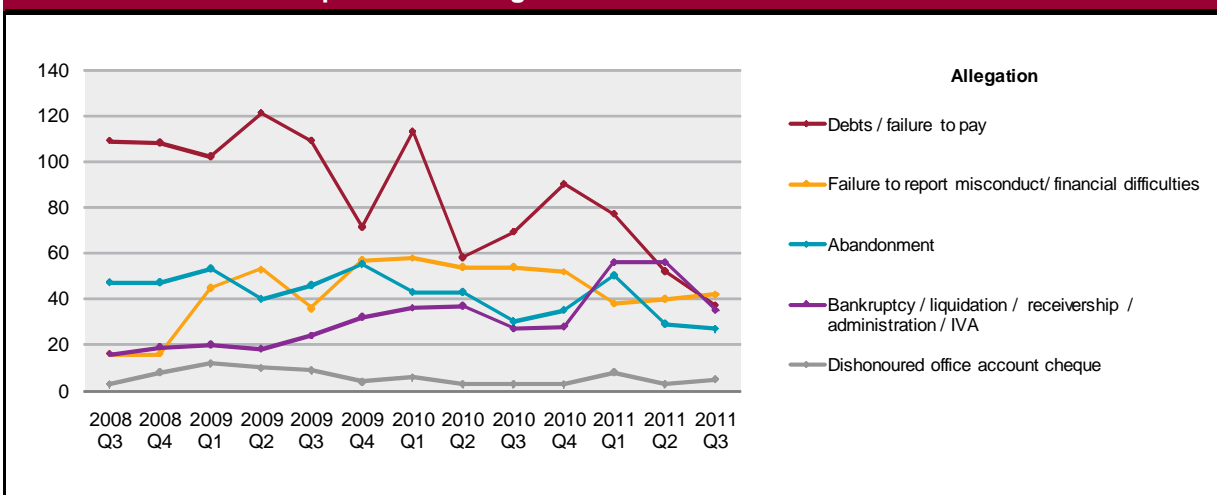
Total allegations by category		Q4 2010	Q1 2011	Q2 2011	Q3 2011
Efficiency, management and administrative competence		1,523	1,241	1,242	977
.. of which..	Character and suitability	1,193	856	686	593
	Conflict of interest	67	72	58	62
	Requirements/ framework of practice	263	313	498	322
Financial		950	884	791	673
.. of which..	Abandonment of practice	63	94	86	87
	Costs/ fees/ referrals	42	56	35	31
	Financial	653	531	453	323
	Fraud/ dishonesty/ money laundering	192	203	217	232
Legal competence		307	385	222	177
.. of which..	Breach of undertaking	53	92	61	36
	Mortgages and property	118	120	102	105
	Professional competence/ client relations	136	173	59	36

All compliance risk categories experienced a decrease for quarter 3 when compared to quarter 2. The number of allegations categorised as 'efficiency, management and administrative competence' have been in continuous decline since quarter 1 2010, with an average quarterly percentage reduction of 9%. Contributing most to this reduction are allegations regarding 'Character and Suitability' which is now 50% less than the number observed in quarter 3 2010.

Within the 'Financial' competence category the number of allegations relating to Financial risk have been in decline since quarter 4 2010 with the latest quarter observing the lowest number of allegations since quarter 1 2009.

Within the 'Legal' competence category the number of allegations relating to 'Breach of Undertaking' and 'Professional competence / client relations' are at there lowest since quarter 4 2008. 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



6. Intelligence and investigations

The **intelligence and investigation** function provides a formal investigation service which supports the SRA's other regulatory functions. This unit takes into account the SRA's risk-based approach and identifies and investigates issues that could result in formal regulatory sanctions or criminal prosecutions. The unit is made up of the **Forensic Investigations Unit (FI)** and the **Fraud & Confidential Intelligence Bureau (FCIB)**.

6.1 Forensic investigations

The **Forensic Investigations Unit** 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.

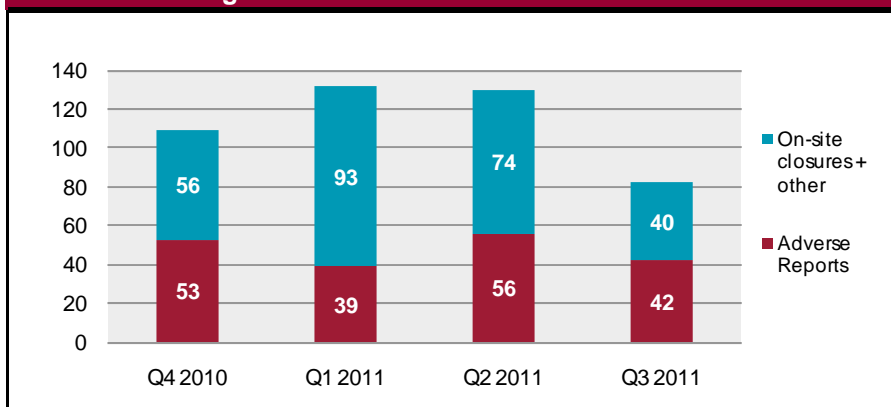
At the conclusion of an investigation, a closure letter is issued to the firm where the identified breaches or conduct are not material, or minor corrective action is required following an investigation. Alternatively, where there is evidence of serious breaches of the rules or professional obligations, misconduct or dishonesty, an adverse report will be issued which can result in regulatory sanction, disciplinary proceedings and / or intervention. The forensic investigation report will be referred to other departments within the SRA responsible for enforcement actions.

Forensic investigations summary

Year on year	12 months to Sept 10	12 months to Sept 11	Variance	Monthly average to Sept 11
New investigations authorised	539	516	-4%	43
Investigations concluded	456	463	2%	39
Rescinded / other	17	53	212%	4

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 (-4% decrease to 516) with an increase in investigations concluded (2% to 463) between the year to September 2010 and the year to September 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 increased between the 12 months to September 2010 and September 2011, from 17 to 53 matters.

Forensic investigation outcomes



This chart shows the number of accounts inspection closures split by those which involved an adverse report, and other investigations concluded. 51% of the visits concluded in quarter 3 2011 had an adverse report compared to 55% for the same period in 2010.

There were no investment business monitoring visits concluded during quarter 3.

7. Legal and enforcement

The **legal and enforcement** function provides cross-cutting legal advice and support to the whole SRA. The unit conducts litigation, provides advice in proposed enforcement action and authorises and prosecutes SDT cases.

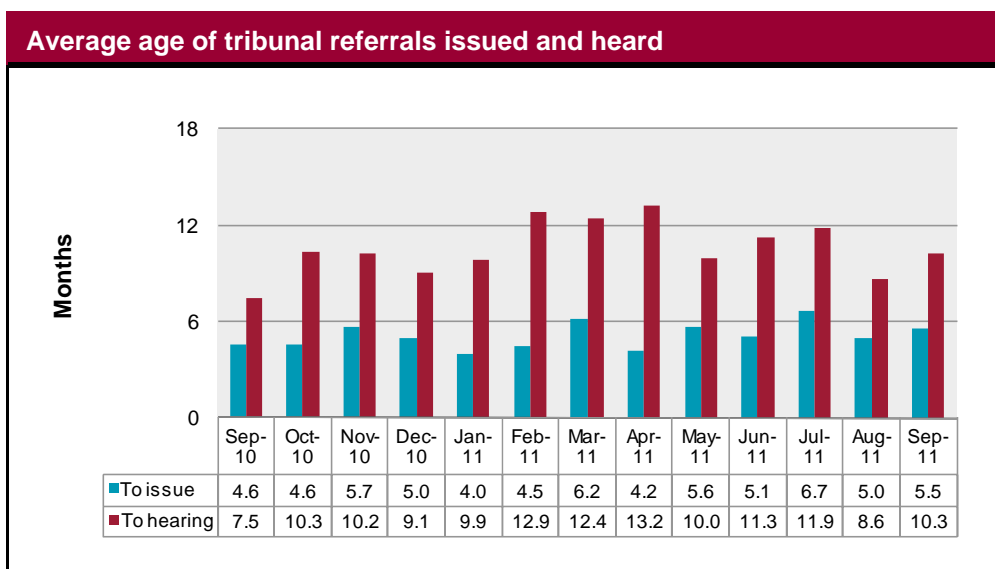
This area also includes the adjudication function which makes decisions relating to disputed, high profile or complex applications in accordance with the principles of regulatory decision-making.

7.1 Disciplinary proceedings

All 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 67 sets of proceedings.



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.

SDT orders

Year on year	12 months to Sept 10	12 months to Sept 11	Variance	Monthly average Last 12 months
Fined	165	109	-34%	9
Struck off	84	79	-6%	7
Suspended	50	60	20%	5
No order	17	13	-24%	1
Reprimand	46	30	-35%	3
Other	33	47	42%	4
TOTAL	395	338	-14%	28

8. Post enforcement

The three key functions of **post enforcement** are to carry out interventions, recover costs and manage claims for compensation. The **interventions** team effect the closure of solicitors' practices or recognised bodies where it is necessary to protect clients' interests and money. Intervention officers instruct intervention agents and have day-to-day responsibility for the 'closure' process ensuring that clients' interests are protected. Interventions also includes the **cost recoveries** team which recover costs or debts that arise from the SRA's regulatory powers such as intervening in a firm or issuing disciplinary proceedings.

The **Claims Management Unit** provide redress for clients who have lost money due to their solicitor's dishonesty or failure to account.

8.1 Interventions

In the last quarter we effected 16 interventions, of which four involved reason to suspect dishonesty.

Interventions summary

Year on year		12 months to Sept 10	12 months to Sept 11	% variance
Interventions effected		76	61	-20%
..of which..	Suspected dishonesty	20	11	-45%
	Non-dishonesty	56	50	-11%
..of which..	Individual(s)	0	0	N/A
	Sole practice	53	52	-2%
	2 - 5 partner firm	23	9	-61%

The number of interventions effected in the last 12 months was 20% lower than in the 12 months to September 2010.

The proportion of interventions that were into 2 - 5 partner firms has dropped by 61% in the last 12 months.

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.

8. Post enforcement

Grounds for intervention

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 below - 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.

Most common grounds for intervention

	12 months to Sept 2010		12 months to Sept 2011	
	No. interventions	% of interventions	No. interventions	% of interventions
Protect interests of clients / beneficiary	59	78%	43	70%
Accounts rule breaches	41	54%	29	48%
Code breaches	27	36%	23	38%
Reason to suspect dishonesty	20	26%	11	18%
Bankrupt / insolvency of LLP	7	9%	11	18%

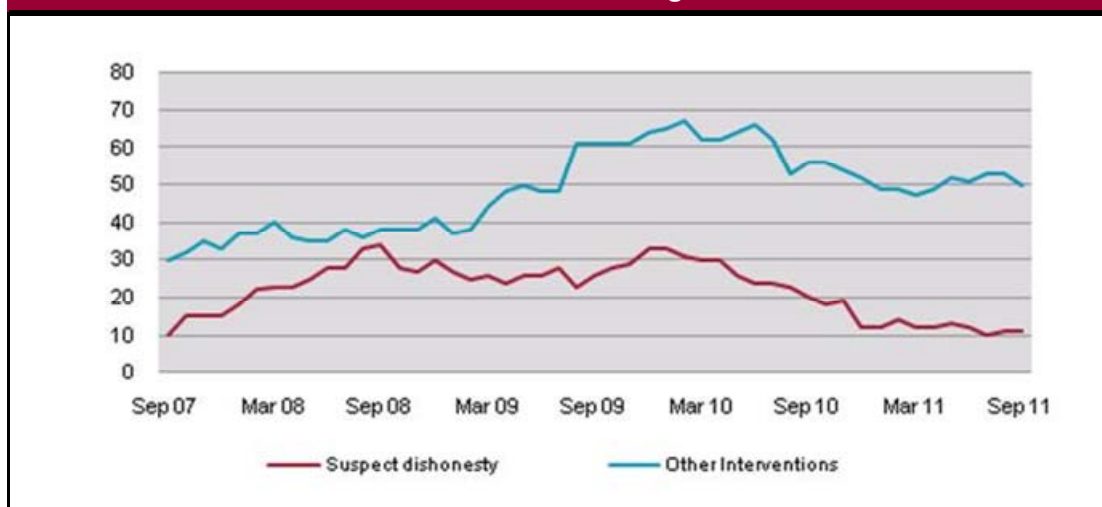
Timeliness

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

During the last 12 months the proportion of interventions where dishonesty was suspected has decreased from 26% to 18%. The last quarter saw 25% of interventions with suspected dishonesty as a ground.

Number of interventions effected: 12 months rolling



8. Post enforcement

8.2 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

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.

Overview of claims and payments

	Q4 2010	Q1 2011	Q2 2011	Q3 2011
No. of new claims	793	661	495	543
Total amount claimed	£17.67 m	£38.34 m	£19.27 m	£21.79 m
£ paid out	£8.92 m	£5.03 m	£2.93 m	£3.31 m

The number of claims received increased this quarter but remains less than the number received in Q4 2010 and Q1 2011. The amount claimed is currently similar to the previous quarter.

The average claim amount for quarter 3 was £40,126, a slight increase on the previous quarter.

New claims made on the fund

New claims received

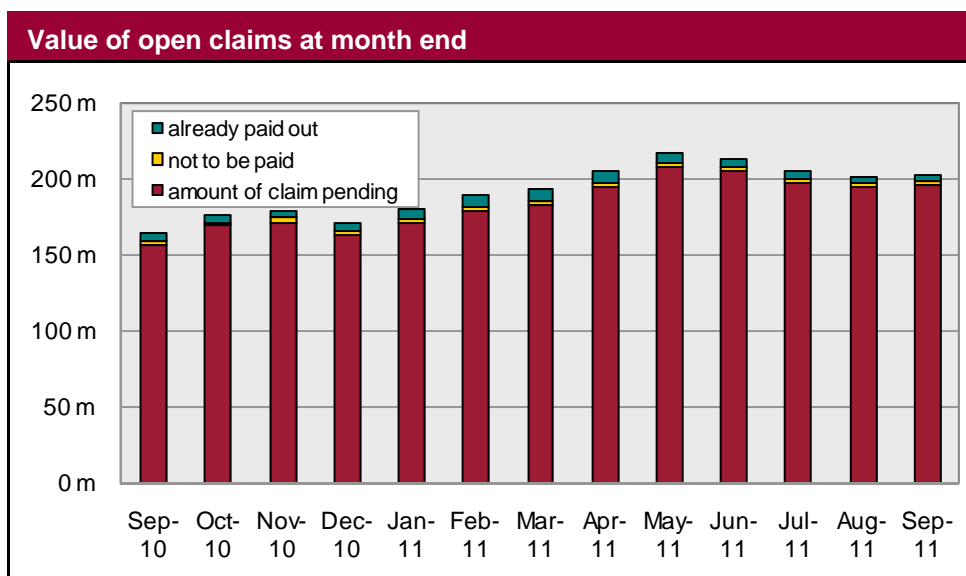
Number of claims by reason	Q4 2010	Q1 2011	Q2 2011	Q3 2011
General client money	489	498	189	141
Counsel fees	23	12	33	22
Mortgage fraud	29	9	61	88
Experts fees	53	9	30	26
Probate	23	17	22	22
Stamp Duty Land Tax	138	49	45	69
Retention	11	4	9	5
Unredeemed mortgage	5	2	2	12
Gross overcharging	3	2	3	4
Other* / unspecified	19	59	99	154
Total	793	661	493	543

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

8. Post enforcement

Ongoing claims

The graph below shows the total value of the 1,806 claims currently under investigation.



The value of open claims at the end of September was £196m. This is 4% lower than the value at the end of June 2011 but £39m more (+25%) than in September 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 a slight decrease in the number of claims closed and a decrease in the proportion that have been paid.

Claims closed				
Payment status	Q4 2010	Q1 2011	Q2 2011	Q3 2011
No. of claims closed	1324	899	809	725
Payment made	45%	52%	40%	31%
Not paid	55%	48%	60%	69%

There are a variety of reasons why a claim may not be paid, for example, the application may be withdrawn or the customer may not respond, or the claim may be outside the remit of the fund.

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	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Total amount claimed	£23.03 m	£24.58 m	£20.42m	£26.42m
Total paid out	£6.99 m	£8.99 m	£5.71m	£3.20m
% paid	30%	37%	28%	12%

9. Contact management

The **contact management** function handles and records contacts with regulated firms and individuals and the public, capturing relevant information and routing the information to the relevant regulatory function.

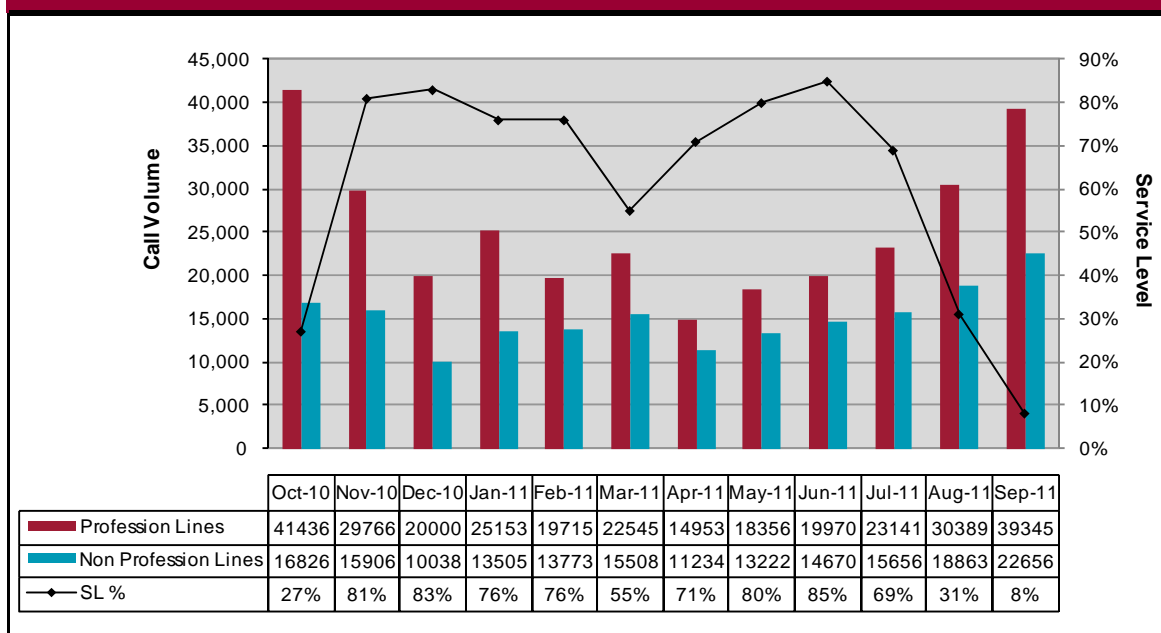
9.1 Contact Centre

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 practising certificate applications / renewals.

Enquiries from the profession

Over the last quarter, the Contact Centre received 92,875 calls from the profession and 57,175 calls from the public. Of the calls to the profession lines, 55,674 calls were to the main profession line and 37,201 calls were to the seasonal lines. Within the third quarter of 2011, 36% of calls were answered within 20 seconds, which is below the target of 80%.

Calls to the Contact Centre



The service level has been affected by a large increase in call volumes, particularly in September, due to the launch of the first phase of the SRA's project to bring its application processes online. We received around 3,000 calls a day in September and this level of calls is usually only seen for a short period around renewal time. The SRA has set up another call centre to help deal with the volume of calls.

Enquiries from members of the public

As well as dealing with enquiries from the profession over the last quarter, the Contact Centre received 57,175 calls from members of the public, 38% of all calls received.

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.

9. Contact management

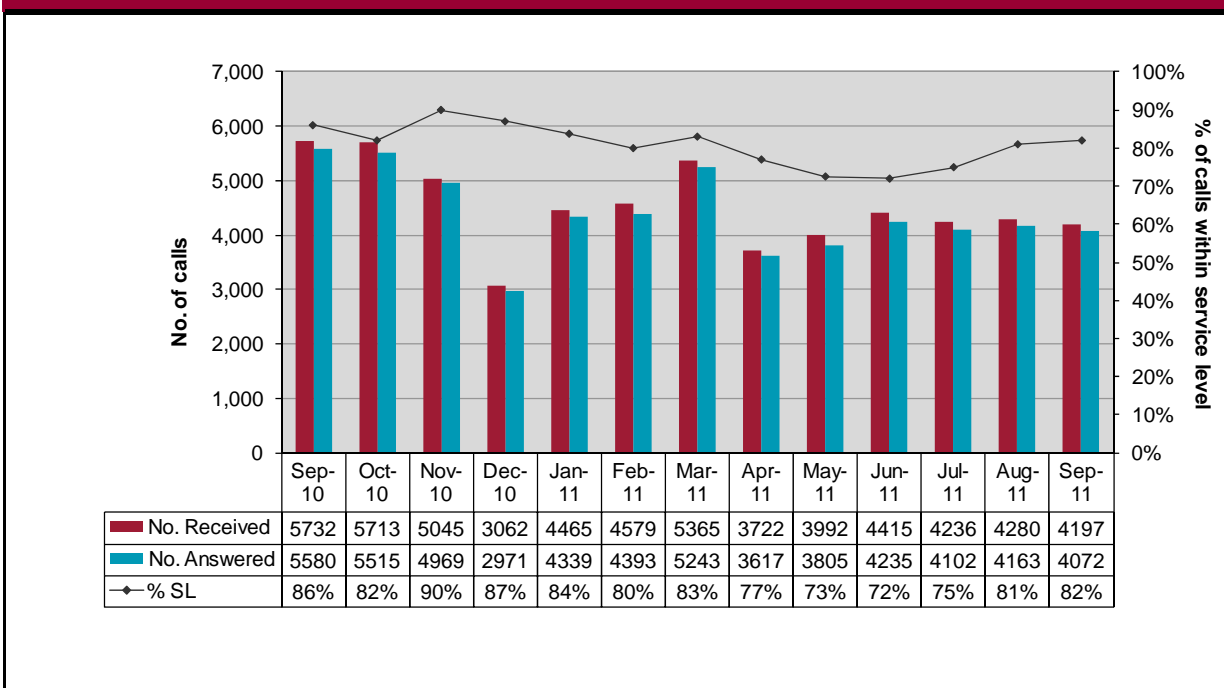
9.1 Professional Ethics Helpline

The **Professional Ethics Helpline** 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 received by the Helpline during the last quarter were:

- Accounts rules
- Publicity
- Miscellaneous

Calls to the Professional Ethics Helpline



The service level for the Professional Ethics 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 Professional Ethics Helpline aims to answer 90% of calls within 45 seconds. In the third quarter of 2011, 79% of calls were answered within target and just 3% of calls to the Helpline were abandoned. There were 17% fewer calls received by the Helpline in the third quarter of 2011 compared with the same period in 2010. A total of 12,713 calls were received and 12,337 answered in the quarter.

The Professional Ethics Helpline also send written advice to many enquirers.

The team aim to respond to 90% of correspondence within 10 working days. In the third quarter of 2011, 89% of responses were issued within this service level. The team sent out 1,949 written responses, a 29% increase on the same period in 2010.

10. Resources

10.1 Budget

The table below presents a summary of the SRA accounts this year to date:

Direct costs summary for the year to September 2011

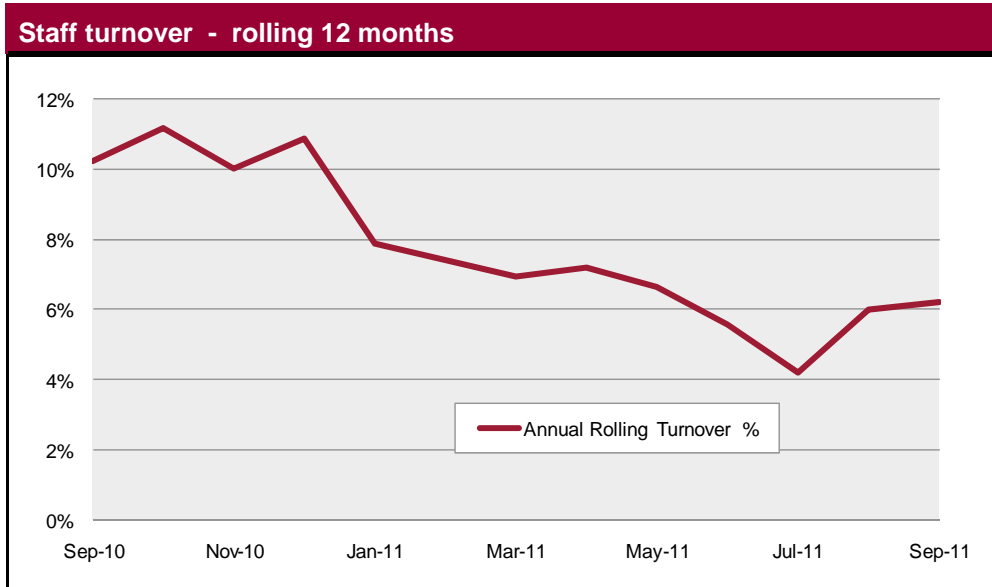
Amounts in £000's	YTD actual	YTD forecast	variance	% variance
Income	4,737	5,581	(844)	(18%)
Staff costs	(19,965)	(20,201)	236	1%
Total admin costs	(13,831)	(15,400)	1,568	11%
Net Position (before recoveries)	(29,059)	(30,019)	960	3%
Recoveries	10,993	12,449	(1,456)	(13%)
Total Net Position (after recoveries)	(18,066)	(17,570)	(496)	(3%)
Shared Services Allocation	(33,662)	(33,662)	0	-

Note: Figures in brackets are negative values and a variance shown in brackets denotes an adverse position against forecast.

10. Resources

10.2 Human resources & development

As at 30th September 2011, the SRA has 482 full time equivalent (FTE) permanent employees. In addition, there are 54 FTE fixed term temporary employees and 64 FTE agency and contractor staff.



Staff turnover for the 12 months to September 2011 stands at 6.2%. 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.

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
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