



Solicitors
Regulation
Authority

SRA Regulatory Activities Report

September 2014

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1. Headline figures

In the third quarter of 2014 we have

- concluded **1,385** casework investigations
- risk assessed **3,096** allegations
- issued **20** sets of proceedings at the SDT
- issued proceedings at the SDT within an average of **4.9** months against a target of 6 months
- **9** individuals were struck from the roll
- effected **12** interventions
- **509** claims in progress on the Compensation Fund with **£20.3m** pending
- paid **£6.58m** to claimants from the Compensation Fund
- received over **69,000** telephone enquiries from the public & profession
- answered **9,587** calls to our Professional Ethics Helpline
- answered **91%** 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 2014. It looks at the work that the SRA has carried out during this period and the outcomes of this work.

As we set out in our last two quarterly reports, we are presently considering how best to align our quarterly and annual performance reporting with the direction we have set out in our recently published Policy Statement and with the revised strategic plan which we aim to publish later this year. We will continue to keep you informed as to how this work is developing.

In addition to the information contained in this report, we also publish key statistics about those we regulate which can be found on our website: <http://www.sra.org.uk/sra/how-we-work/reports/statistics/regulated-community-statistics.page>.

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

From July to October 2014, the SRA met the following objectives and key deliverables:

- Supported its programme of regulatory reform by:
 - Increasing the amount that may be withdrawn from residual client balances and donated to charity without SRA approval from £50 to £500.
 - Changing the eligibility criteria for the Compensation Fund to only consider applications from individuals and small businesses, charities and trustees, where turnover, annual income and trust value do not exceed £2 million respectively.
 - Applying to make changes to alter the SRA Indemnity Insurance Rules, including publishing a 'call for evidence' in support of reforms to the PII and Compensation Fund**
 - Taking measures to make it simpler for multi-disciplinary practices (MDPs) to be licensed to provide legal services under SRA regulation.**
 - Making changes to the requirements for accountants' reports on client accounts to make them more targeted. (Firms will still be required to commission accountants' reports within six months of their financial reporting period, however only those reports that are qualified will have to be filed with the SRA. Firms that receive 100 per cent of the fees from Legal Aid work are exempt from needing to commission a report).
 - Ending the annual Keeping of the Roll exercise which will mean that those solicitors who simply wish to remain on the roll will no longer need to apply and pay a fee every year.
 - Simplifying the Overseas Accounts Rules to make it easier for firms with overseas practices to meet the SRA's requirements.
 - Simplifying the regulation of European lawyers operating in England and Wales by removing unnecessary requirements and regulatory burdens.**

[**At the time of publication, these changes are subject to LSB approval].

- Reminded in-house solicitor teams of their responsibilities relating to publicity following wide-scale media reports that involved complaints from the public about misleading information contained in letters and letterheads sent out by a small number of in-house solicitors.
- Issued a consultation on 22 September proposing further changes to the SRA's education and training regulations. The consultation closes on 17 November 2014.
- Issued a consultation on 20 October on a new Competence Statement for solicitors. The consultation will close on 12 January 2015.
- Stepped up its efforts to ensure solicitors firms do not become embroiled in money-laundering activity and are compliant with the various regulations and legislation associated with anti-money laundering compliance. From September 2014 – May 2015, the SRA will be working with firms to ensure robust systems are in place to guard against money-laundering activity.

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

Applications that require in-depth investigation are escalated for casework. 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 regulatory application type 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.

Quarter two 2014 saw a 70% decrease in the number of Regulation 3 applications completed when compared to quarter two 2014. 42% of the 38 applications for individuals newly subject to Regulation 3 resulted in no restrictions being imposed. Two of the 37 individuals that were already subject to Regulation 3 had their restrictions lifted.

Case worked Regulation 3 applications

Count of case worked applications	Q4 2013	Q1 2014	Q2 2014	Q3 2014
Individuals already subject to Regulation 3	23	57	99	37
..of which..				
Restrictions continued	11	20	56	18
Restrictions varied	7	17	26	17
Restrictions lifted	5	20	17	2
Individuals newly subject to Regulation 3	148	242	153	38
..of which..				
Restrictions imposed	21	37	27	22
No restrictions imposed	127	205	126	16
Application refused	2	0	1	0
TOTAL	173	299	253	75

Practising certificate & registration conditions

Application of conditions

Count of individuals affected	Q4 2013	Q1 2014	Q2 2014	Q3 2014
Solicitors with PC conditions applied	45	67	109	50
REL's or RFL's with conditions applied	0	0	0	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.

3. Authorisation

3.1 Regulatory applications

Case worked Recognised Bodies and Sole Practitioner Endorsement Applications

Count of case worked applications	Q4 2013	Q1 2014	Q2 2014	Q3 2014
New Recognised Body Applications	146	211	124	64
..of which..				
No restriction imposed	128	185	120	56
Restriction imposed	18	25	4	8
Recognition refused	0	1	0	0
Applications for the Renewal of Recognised Bodies	0	0	0	7
..of which..				
No restriction imposed	0	0	0	0
Restriction lifted	0	0	0	1
Restriction varied	0	0	0	0
Restriction continued	0	0	0	0
Restriction imposed	0	0	0	0
Recognition refused	0	0	0	6
Applications for sole practitioner endorsement	24	44	16	11
..of which..				
Restriction not imposed	21	43	15	11
Restriction imposed	2	0	0	0
Refused	1	1	1	0

The table above shows the applications dealt with in respect of the SRA Recognised Bodies Regulations 2009 which enable the SRA to place conditions on a firm's recognition. 82% of the case worked applications for recognition and sole practitioner endorsement in quarter two resulted in no restrictions being imposed.

3. Authorisation

3.2 Firm-based authorisation

All applications for authorisation or recognition from recognised bodies, licensable bodies (also known as an Alternative Business Structure, or ABS) and Sole Practitioners are dealt with by the Firm-based authorisation team. All applications for authorisation of firms are subject to the same overall approach, although the detail of what we research and take into consideration will be proportionate to the risks posed by the application.

Outcomes of Alternative Business Structure (ABS) applications

During Q3 of 2014 the SRA received 29 applications for an ABS licence and issued 32 licences. Both applications and licences continue to reflect a wide range of entities and activities, including the fields of personal injury, mental health, consumer and social welfare including local authorities. Improvements introduced during Q4 of 2013 has helped to reduce the length of time it takes to reach a decision on an ABS application, as has the introduction of a new triage process during the later part of Q1 of 2014. We continue to actively engage with applicants before they submit an application and during the process itself.

ABS applications summary

	Q4 2013	Q1 2014	Q2 2014	Q3 2014
no. of applications received	19	35	30	29
no. of complete applications	41	20	35	28
no. granted	44	31	40	32
...of which... granted with conditions	3	0	2	0
...of which... granted without conditions	41	31	38	32

A register of the alternative business structures licensed by the SRA can be found on our website:

<http://www.sra.org.uk/absregister/>

4. Supervision

The **Supervision** function provides a risk-based oversight of regulated firms and individuals. Supervision engages with regulated entities to encourage them to tackle risks, to help improve standards and to provide the right outcome for clients.

Supervision continues its risk-based oversight of the regulated community, engaging with firms and encouraging them to deal with their own risks, thus ensuring they provide the right out-comes for clients.

All firms are subject to monitoring through risk profiling and the review of reports and notifications of events received concerning the firm. The level of action is then determined based on a risk-based approach.

The nature of the engagement by Supervision will vary depending upon the risks posed by any specific firm, or indeed by the scale of complexity of a firm's organisation/business model. Firms with the highest potential risks may have close and continuous engagement. While this approach is primarily firm based it is augmented by Supervisions' responsibility in considering common risks or themes facing the legal sector.

4.1 Firm-based supervision

Firm-based supervision includes desk-based and visit-based supervision. This ranges from general oversight and risk profiling, to regular and substantive engagement with firms, including formal investigation where required.

The numbers of formal disciplinary investigations authorised increased in the first quarter due to the projects focusing on the failure to renew PCs/entity fees, and the failure to obtain professional indemnity insurance.

A summary of key supervision activity for the last year is below:

Supervision				
Activity	Q4 2013	Q1 2014	Q2 2014	Q3 2014
Firms actively supervised by a named supervisor *	-	3872	3954	4362
Open Supervision events	3385	2733	2326	2387
New events that have been risk assessed	2567	2790	2529	2636
FI Commissions	116	98	120	61
Supervision firms visited	201	104	114	112
Intervention decisions	12	13	13	12
Formal investigations	40	258	68	62

* We have improved the way we are prioritising and reporting the firms we are supervising. These figures are therefore unavailable for Q4 last year.

4. Supervision

Explanation of activities:

Firms actively supervised by a named supervisor - Active engagement for this purpose indicates meaningful regulatory oversight, which includes managing risks in a proactive way and active engagement with firms, alongside any desk based investigations, visits or formal investigation.

Open supervision events - Events which are being considered by Supervision through engagement with the firm or formal investigation.

An 'event' includes such things as:

- a report of misconduct against a firm and/or individual,
- a failure to meet regulatory requirements
- a downturn in a firm's financial position.

FI Commissions - Supervision may commission Forensic Investigations (FI) to undertake an inspection where information relates to issues such as misuse of client money, fraud, dishonesty and money laundering.

Supervision firms visited - This may involve more than one visit and does not include follow up conference calls or engagement.

Intervention decisions - Supervision usually has intensive engagement with firms prior to intervention. Even where intervention becomes necessary this is important to mitigate the risks to clients and consumers.

Formal disciplinary investigations - This relates to a decision to commence a formal disciplinary investigation with a view to consideration of a disciplinary sanction or referral to the Solicitors Disciplinary Tribunal.

4. Supervision

4.2 Casework investigations

The following table provides an overview of the outcomes for investigations which have been closed during the last 12 months. 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 2013	Q1 2014	Q2 2014	Q3 2014	% variance
					from last quarter
Allegation upheld	141	122	77	81	5%
*Letter of advice	77	21	7	1	-86%
*Finding and warnings	25	29	41	28	-32%
*Rebuke / reprimands	6	8	6	12	100%
*Fine	1	1	2	9	350%
SDT referral	23	35	63	45	-29%
Added to existing disciplinary proceedings	2	2	3	0	N/A
Ongoing other action	767	81	392	200	-49%
No regulatory action required	1670	2239	1554	1059	-32%
TOTAL	2603	2479	2089	1385	-34%

* Note: The four categories 'letter of advice', 'finding and warning', 'rebuke/reprimand' and 'fine' are some of the more 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 four 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 / Severe reprimand / Rebuke – These sanctions are used where the impact of the misconduct is high. The likelihood of repetition can vary greatly. The power to rebuke and the decision to publish the sanction was introduced in June 2010 by the SRA (Disciplinary and Procedure) Rules 2010.

Fine – The SRA has power to impose in house a fine up to £2000. The process and criteria are set out in the SRA (Disciplinary and Procedure) Rules 2011.

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.

5. Risk Centre

The **Risk Centre** produce risk analysis to underpin risk-based decision-making across the SRA and is developing the approach and the processes through which risk will be measured and prioritised throughout our regulatory functions.

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

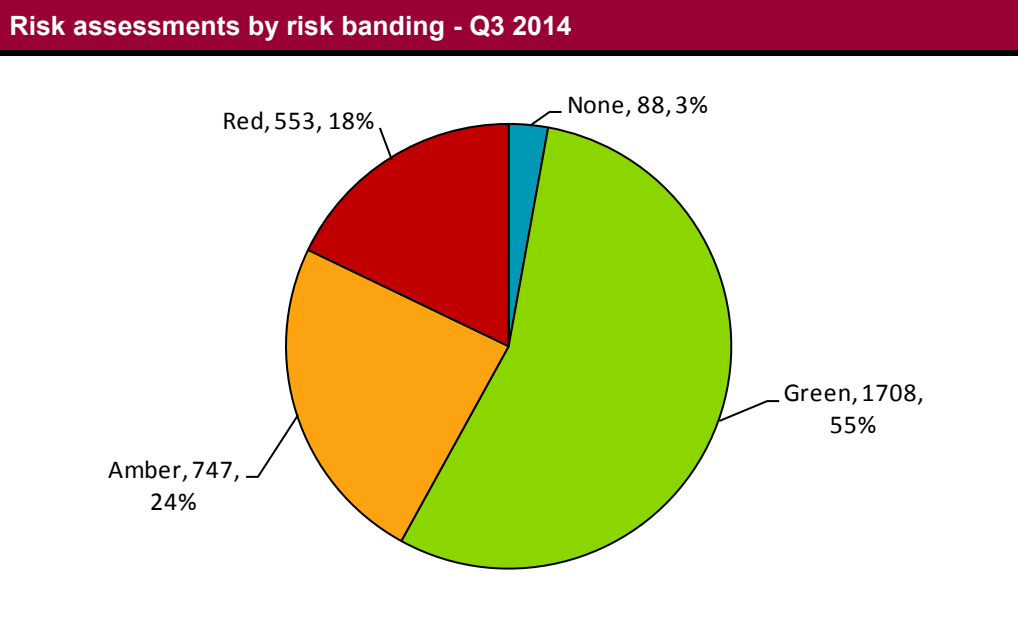
The Assessment Team and FCIB work in parallel operating a consistent risk assessment process designed to be compliant with the Government's principles of better regulation:

- **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 Risk Assessment Team receives reports about solicitors and firms through email, letters and referrals from the Legal Ombudsman. In quarter 3 the Assessment Team handled 5,308 items of post alone.

Every report made to the SRA is assessed using a combination of tests to establish the level of risk each event presents. An assessment can contain several events. Each event is given a risk score and each assessment is given an overall red, amber or green (RAG) rating which the supervisor uses to help decide whether to action the event.

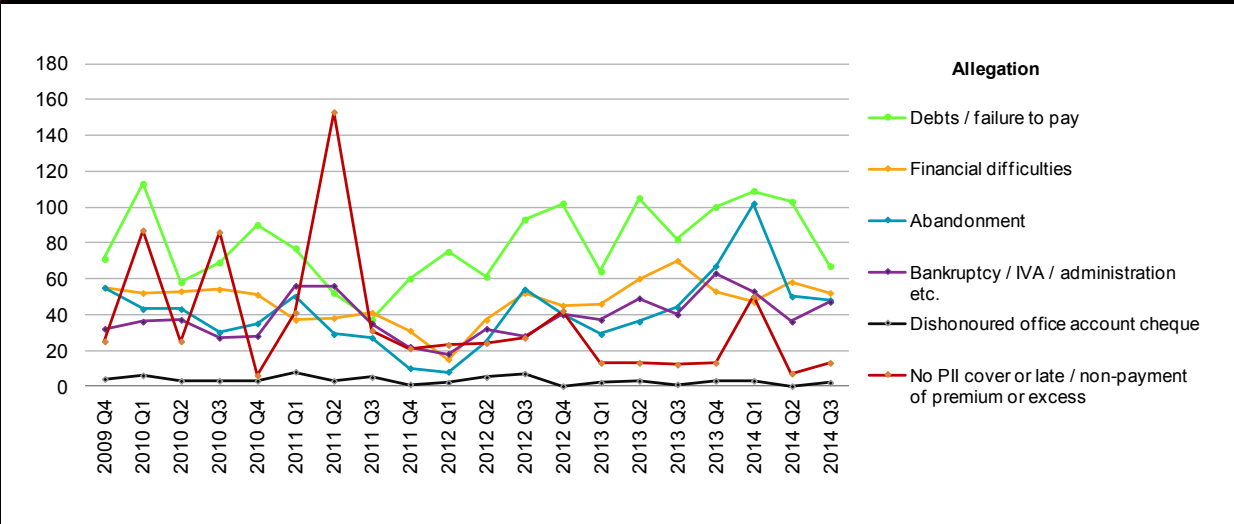
The chart below is based on information received into the Assessment Team and shows the output by risk banding for quarter 3 2014. Of the 3,096 risk assessments carried out in the quarter, 3% were categorised as no risk, and 42% received an amber or red rating. The tests applied to determine the level of risk have been amended to reflect the introduction of OFR and the new Handbook. This means the data given below is not comparable with data reported prior to the introduction of OFR and the new Handbook.



5. Risk Centre

The Assessment Team categorise each event. 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** carries out targeted investigations of firms after being commissioned by the Supervision Unit. Forensic investigators visit firms and adduce evidence in areas 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 some Assigned Risk Pool monitoring visits and also undertakes interviews and visits to assist with applications handled by Authorisations.

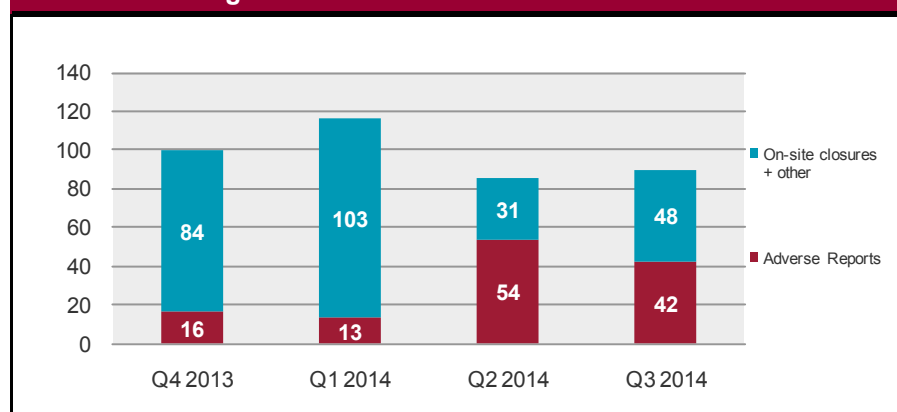
At the conclusion of an investigation, a report will be sent to the Supervision Unit. Where the identified breaches or conduct are not material, or minor corrective action is required following an investigation then an informal report will be prepared. Alternatively, where there is evidence of serious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

Forensic investigations summary

Year on year	12 months to Sept 13	12 months to Sept 14	Variance	Monthly average to Sept 14
New investigations authorised	402	396	-1%	33.0
Investigations concluded	390	385	-1%	21.1
Rescinded / other	12	11	-8%	0.9

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 (1% decrease to 396) with a decrease in investigations concluded (1% decrease to 385) between the year to October 2013 to September 2014. 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 decreased between the 12 months to September 2013 and the 12 months September 2014, to 11 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. 47% of the visits concluded in quarter 3 2014 had an adverse report compared to 28% for the same period in 2013.

7. Legal and Enforcement

The **Legal and Enforcement** function provides cross-cutting legal advice and support to the whole of the SRA. The directorate conducts litigation, provides advice in proposed enforcement action and authorises and prosecutes cases before the Solicitors Disciplinary Tribunal (SDT).

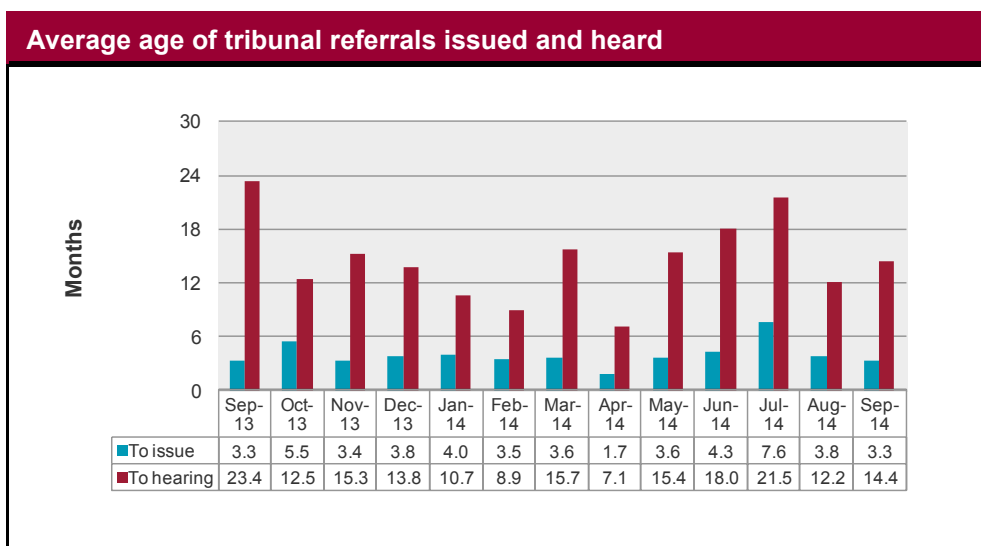
This area also includes the adjudication function which makes decisions relating to disputed or complex matters; those matters which are specifically delegated to adjudication and also internal appeals.

7.1 Disciplinary proceedings

All investigations resulting in a referral for disciplinary proceedings are actioned by our **Legal and Enforcement Directorate**.

Each set of proceedings issued may be against one or more regulated persons and that may include the recognised body itself; sometimes separate investigations will be joined to form one prosecution.

Our Legal Advisers (or solicitors that we appoint) will prepare a case for issue before the Solicitors Disciplinary Tribunal (SDT), and aim to do so within a target of 4 months. The SDT, in turn, aims to hear matters within 6 months of issue. This quarter, we issued 20 sets of proceedings with an average age of 4.9 months from date of receipt into the unit.



The SDT has the power to make various orders including to strike a solicitor from the roll, (i.e. no longer entitled to call themselves or practice as a solicitor), suspend a solicitor from practice and to impose fines and reprimands. It can also make orders against non-solicitors such as orders under Section 43 of the Solicitors Act 1974 e.g. by which the SRA's consent will be required for the individual to be employed by a solicitor in connection with his practice. Most orders made by the SDT come into immediate effect but in a few instances they may be stayed until a future date.

SDT orders

Year on year	12 months to September13	12 months to September14	Variance	Monthly average Last 12 months
Fined	68	36	-47%	3.0
Struck off	67	85	27%	7.1
Suspended	31	20	-35%	1.7
No order	6	6	0%	0.5
Reprimand	17	3	-57%	0.3
Other	28	24	-14%	2.0
TOTAL	207	174	-16%	14.5

8. Client Protection

The three key functions of **Client Protection** are to carry out interventions, recover costs and manage claims on the Compensation Fund. 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. Client Protection 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 and the **Claims Management Unit** who provide redress for clients, dealing with claims on the Compensation Fund.

8.1 Interventions

In the last quarter we effected 12 interventions, of which five involved reason to suspect dishonesty.

Interventions summary

Year on year		12 months to Sep 13	12 months to Sep 14	% variance
Interventions effected		50	51	2%
..of which..	Suspected dishonesty	20	16	-20%
	Non-dishonesty	30	35	17%
..of which..	Firm only	1	0	N/A
	Individual(s)	1	0	N/A
	Sole practice	39	44	13%
	2 - 4 partner firm	8	7	-13%
	5 partners or more	1	0	-N/A

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. Client Protection

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

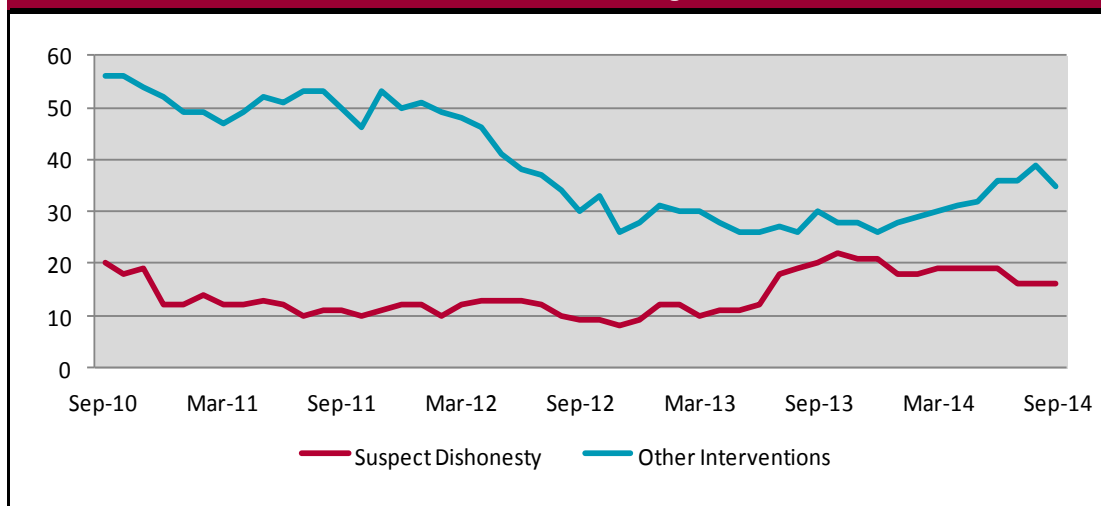
For the 50 interventions in the 12 months to Sept 2013 and the 51 interventions in the 12 months to Sept 2014	12 months to Sep 2013		12 months to Sep 2014	
	No. interventions	% of interventions	No. interventions	% of interventions
Protect interests of clients / beneficiary	22	44%	36	71%
Accounts rule breaches	26	52%	21	41%
Code breaches	20	40%	21	41%
Reason to suspect dishonesty	20	40%	16	31%
Bankrupt / insolvency of LLP	7	14%	6	12%

Long term trends

The number of interventions effected in the last 12 months was 2% higher than in the previous year.

31% of interventions in the last 12 months held dishonesty as one of the grounds for intervention. This marks a significant increase when compared to 40% in the 12 months previous.

Number of interventions effected: 12 months rolling



8. Client Protection

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. As of October 2012, grants from the Compensation Fund may also be made to provide compensation for loss suffered as a result of the civil liability of a regulated firm where the firm does not have indemnity insurance cover against which a claim could be made.

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 new claims made on the fund and payments issued in the last 12 months. Figures are shown as currently recorded, but the value of claims can be revised up or down throughout the course of an investigation.

Overview of claims and payments

	Q4 2013	Q1 2014	Q2 2014	Q3 2014
No. of new claims received	352	647	318	363
Total claim value on new receipts	£10.06 m	£6.73 m	£2.68 m	£6.71 m
£ paid out *	£ 5.15 m	£ 6.16 m	£ 6.96 m	£ 6.58 m

* Note: The total amount paid out each quarter relates to all claims on the Compensation Fund.

New claims made on the fund

New claims received

Number of claims by reason	Q4 2013	Q1 2014	Q2 2014	Q3 2014
Cost for perfecting title	8	28	17	9
Damages	9	21	17	29
Experts Fees	14	19	9	8
Failure to pay SDLT/LR	110	217	62	61
Fraud - conveyancing	4	11	2	2
Mortgage fraud	4	14	3	1
Probate	27	45	59	23
Reimbursement of costs	13	6	11	9
Retention	9	22	3	14
Return of deposit	25	19	7	13
Return of payment on account of costs	97	206	70	81
Sale proceeds	20	26	5	11
Stamp duty land tax/Land registry	1	4	39	30
Uninsured firm - loss due to negligence (non conveyancing)	0	0	0	17
Uninsured firm- loss due to negligence (conveyancing)	0	0	0	29
Unredeemed mortgage	7	1	0	3
Other*	4	8	12	23
Total	352	647	318	363

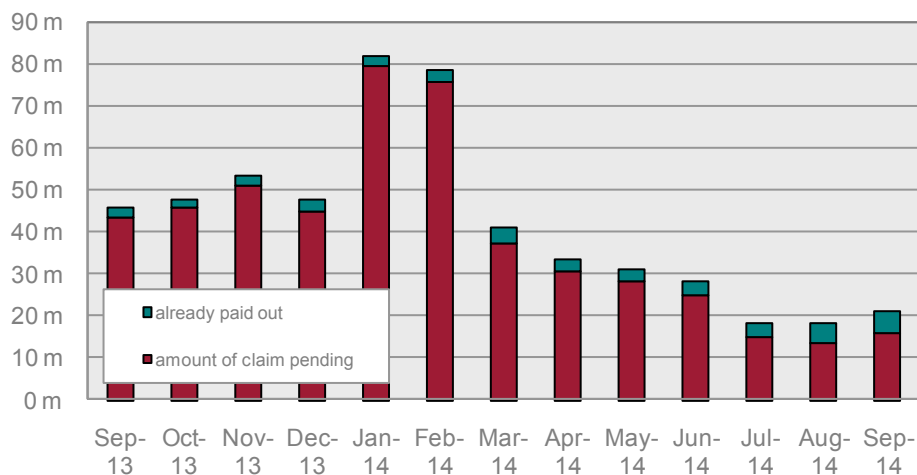
*Examples of claims which fall into the category "Other" include Negligence, Gross overcharging and Theft of client money. Claims within this category are less frequent, where we have received 10 or fewer in the last 12 months.

8. Client Protection

Ongoing claims Number

The graph below shows the total value of the 509 claims currently under investigation.

Value of open claims at month end



The pending value of open claims at the end of September was £20.3 m. This represents a decrease of 27% since the end of June 2014.

Payments on application concluded

The following table shows whether claims that were closed in the last 12 months were paid, either partially or fully.

Claims closed

Payment status	Q4 2013	Q1 2014	Q2 2014	Q3 2014
No. of claims closed	435	659	661	419
Payment made	43%	38%	57%	39%
Not paid	57%	62%	43%	61%

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 total amounts paid out within the quarter, these figures are shown on the previous page.

Payments on claims

Proportion paid	Q4 2013	Q1 2014	Q2 2014	Q3 2014
Total amount claimed	£ 33.59 m	£ 52.71 m	£ 26.91 m	£ 17.26 m
Total paid out	£ 3.95 m	£ 6.94 m	£ 7.77 m	£ 4.03 m
% paid	12%	13%	29%	23%

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.

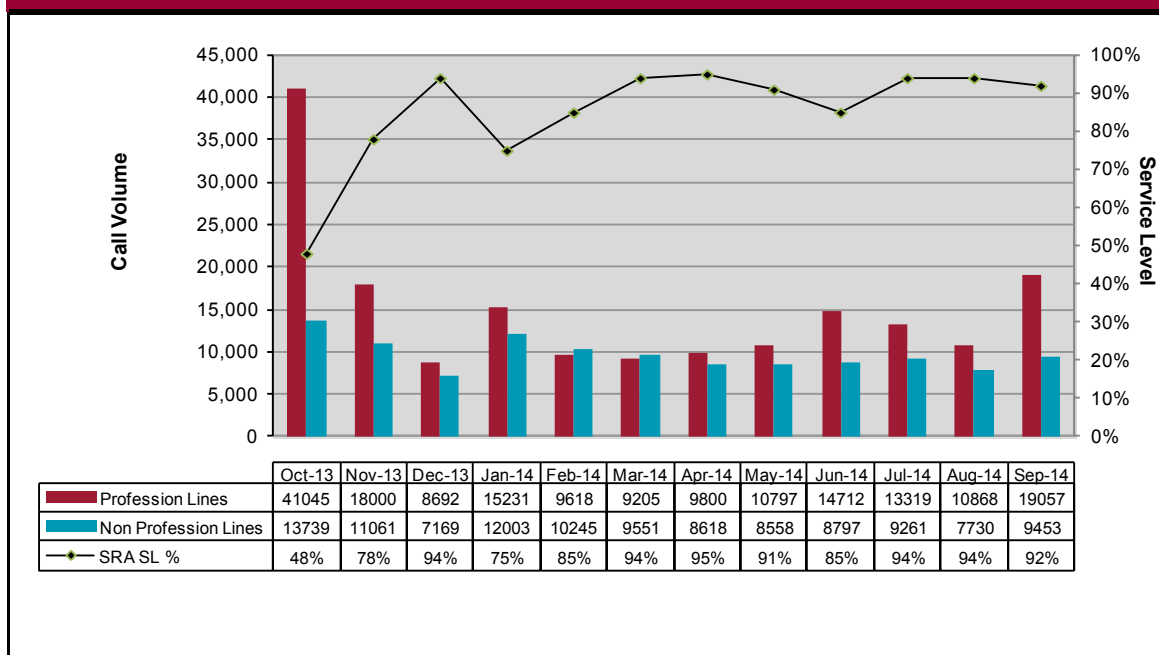
9.1 Contact Centre

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 43,244 calls from the profession and 26,444 calls from the public. Within the third quarter of 2014, 93% of calls were answered within service level.

Calls to the Contact Centre



The third quarter has seen preparation for the Practising Certificate Renewals Exercise, including extensive recruitment and training activities. There have also been significant regulation changes with Training for Tomorrow, with further training required. Service level has remained strong throughout the third quarter alongside these activities, despite an increase in call volumes.

Enquiries from Consumers

The Contact Centre also receives requests from the consumers, or other members of the profession who wish to validate a solicitor or locate a solicitor for the purpose of finding files or documents.

9. Contact management

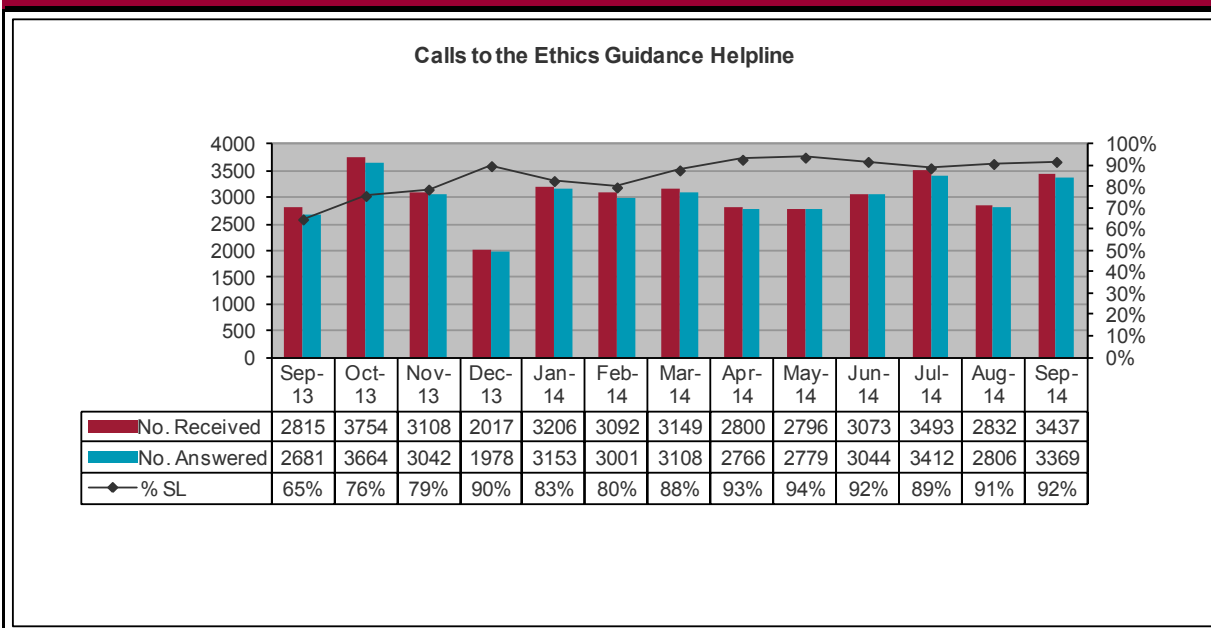
9.2 Professional Ethics Helpline

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:

- Rule 20(1)(k)
- Accounts Rules
- Practising Certificates

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 2014, 91% of calls were answered within target and 1% of calls to the Helpline were abandoned. There were 1694 more calls received by the Helpline in the third quarter of 2014 compared with the same period in 2013. A total of 9,762 calls were received and 9,587 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 2014, 92% of responses were issued within this service level. The team sent out 1,446 written responses, a 9% decrease on the same period in 2013.

The third quarter service levels were maintained at a high standard throughout the summer holiday period through good planning and excellent teamwork.

10. Resources

10.1 Budget

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

Direct costs summary for the 11 months to September 2014

Amounts in £000's	YTD actual	YTD forecast	variance	% variance
Income	(6,163,785)	(5,384,262)	779,523	14%
Staff costs	23,539,479	24,664,081	1,124,602	5%
Non staff costs	14,003,379	16,922,612	2,919,233	17%
Net Position (before recoveries)	31,379,072	36,202,430	4,823,358	13%

Recoveries	(9,549,723)	(11,801,827)	(2,252,105)	-19%
Total Net Position (after recoveries)	21,829,350	24,400,603	2,571,253	11%

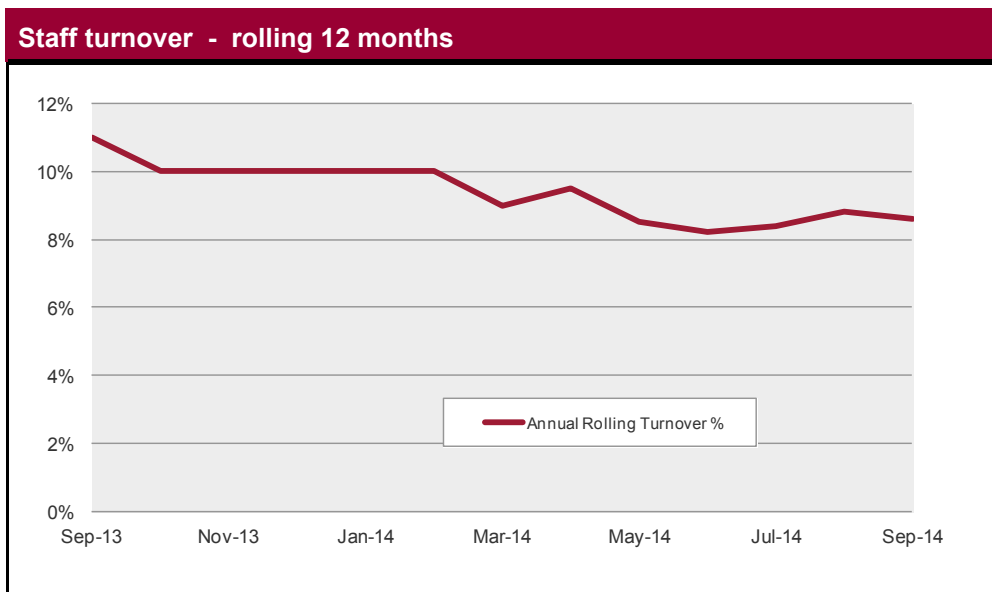
Shared Services Allocation	19,661,184	22,569,050	2,907,866	13%
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Note: This relates to a 11 month period, due to the change in the Financial Accounting period (i.e. Nov 13 – Sep 14). Income/Recoveries are now reported as a credit (in brackets) and Expenses as a debit. Variances shown in brackets denotes an adverse position against forecast (*This is a change to the way the numbers were reported last year*)

10. Resources

10.2 Human resources & development

As at 30th September 2014, the SRA has 499.7 full time equivalent (FTE) permanent employees. In addition, there are 30.2 FTE fixed term temporary employees and 61 FTE agency and contractor staff.



Staff turnover for the 12 months to September 2014 stands at 9%. The staff turnover calculation is based on the number of staff voluntarily leaving in the previous 12 months as a proportion of average headcount during the same period.

Glossary

Abbreviations and internal terms

ABSs	Alternative Business Structures
ARP	Assigned Risks Pool
ASC	Application by Solicitors' Clerk
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
REL	Registered European Lawyer
RFL	Registered Foreign Lawyer
SDT	Solicitors Disciplinary Tribunal
SRA	Solicitors Regulation Authority
Tribunal	The independent Solicitors Disciplinary Tribunal (SDT)
WIP	Work In Progress - cases which are continuing