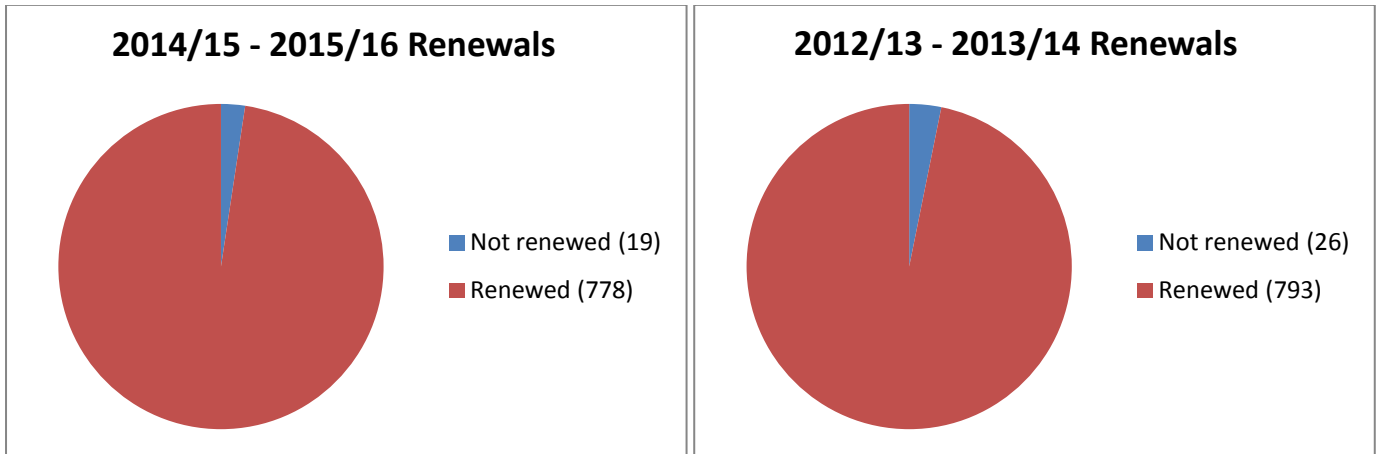


Analysis of 2015/16 practising certificate renewal information

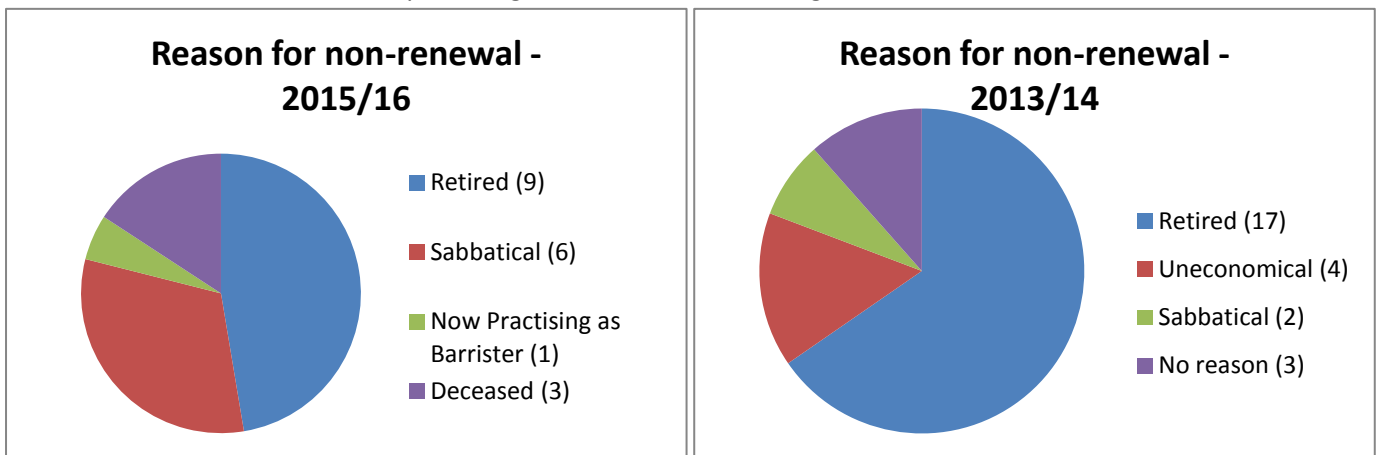
As part of the 2015/16 practising certificate renewal process, additional information was requested from the members of the profession to better enable the Faculty Office to understand its regulated community. What follows represents an analysis of the information gathered under various headings. Much of the information was also collected in the 2013/14 renewal round and, where there is a direct comparison, the relevant chart for that round is also shown adjacent.

Numbers of renewals



Reasons for non-renewal

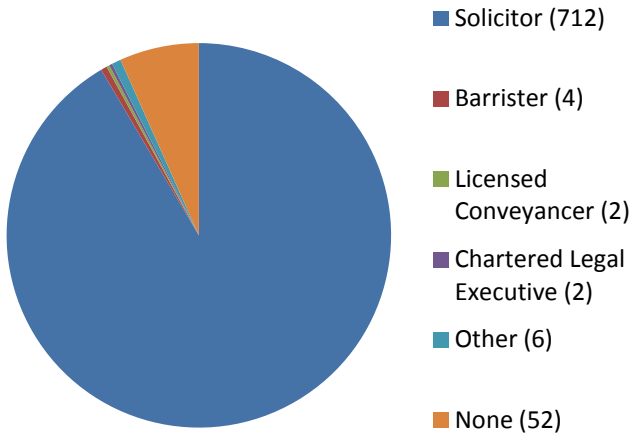
Of those who did not renew their practising certificate, the reasons given were as follows:



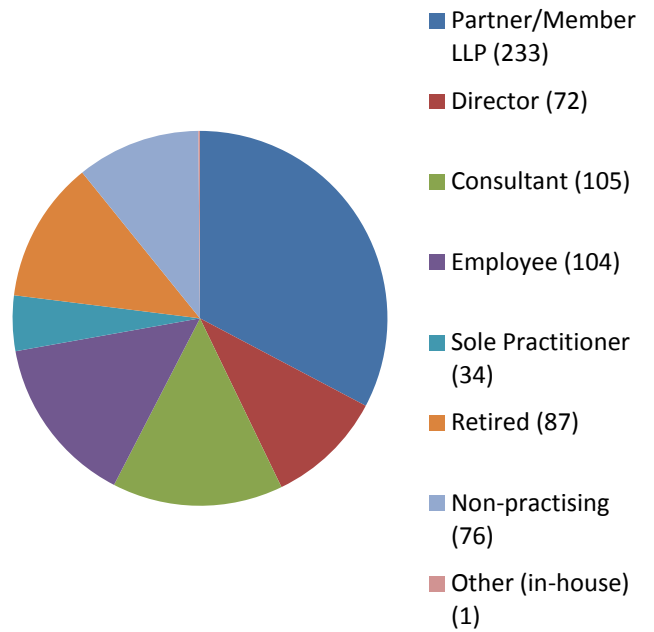
(Under the Bar Standards Board Rules, a barrister holding an annual practising certificate is not entitled to hold a practising certificate issued by another Approved Regulator.)

The majority of the notarial profession are dual qualified, with the overwhelming majority (91.5%) also qualified as solicitors. However, nearly 21% of those qualified to act as solicitors are not currently practising as such (being either non-practising or retired):

Other Legal Qualifications



Solicitor Notaries



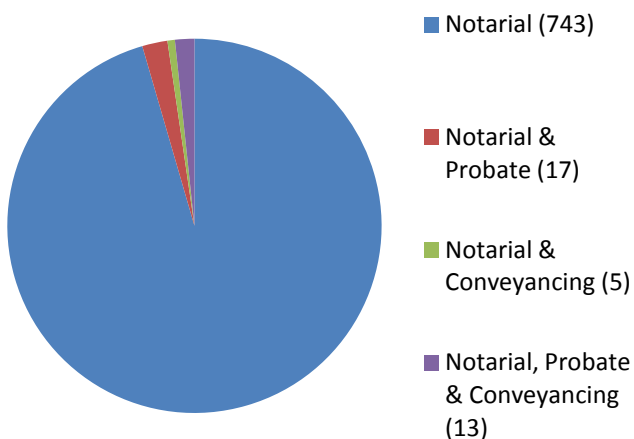
(Of the six 'Other' legal qualifications, five are qualified lawyers in overseas jurisdictions and one is a Chartered Mediator.)

Of the 778 who have *renewed* (as at 1 January 2016), the following information has been provided which will be used to inform the Faculty Office's risk assessment of its regulated community.

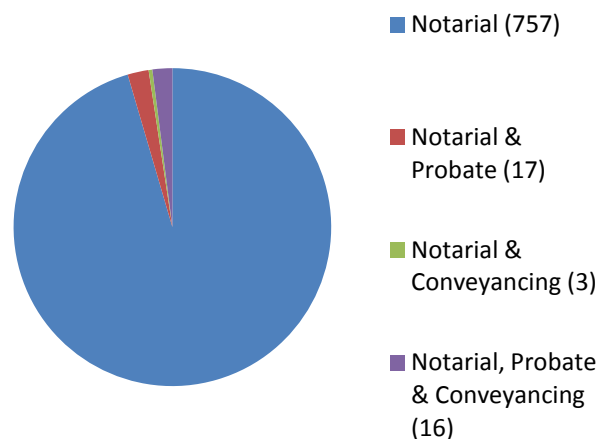
Reserved legal activities undertaken in their capacity as a notary

Notaries are entitled to carry out four of the reserved legal activities set out in the Legal Services Act 2007. We did not ask how many of the regulated community act as Commissioners for Oaths (for use in this jurisdiction) but focussed solely on notarial activities, probate activities and reserved instrument activities (conveyancing):

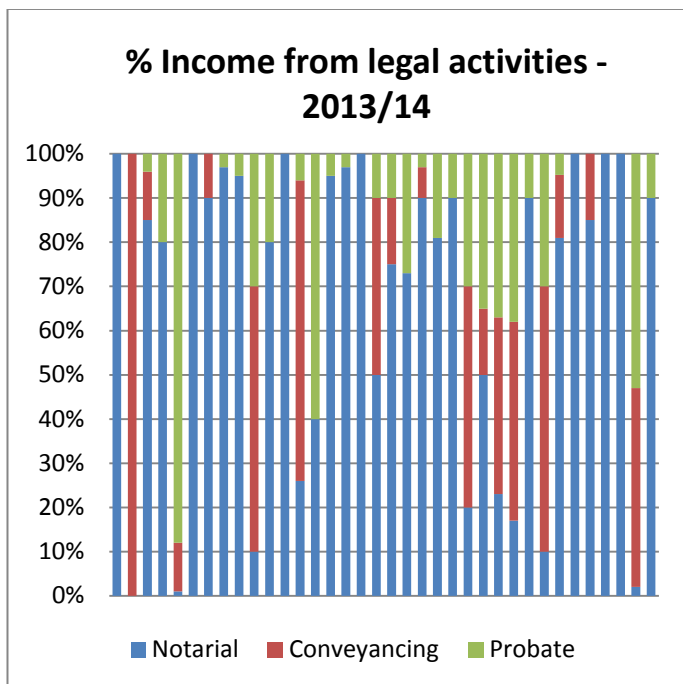
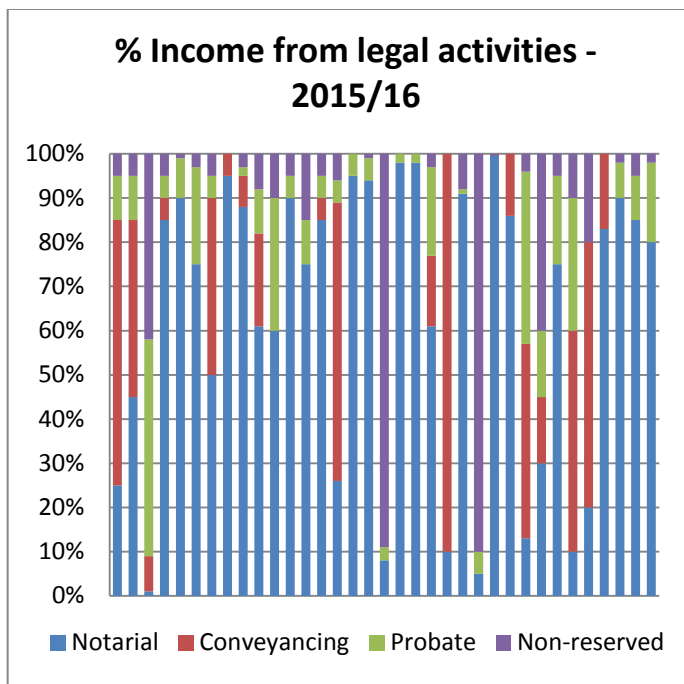
Reserved Legal Activity - 2015/16



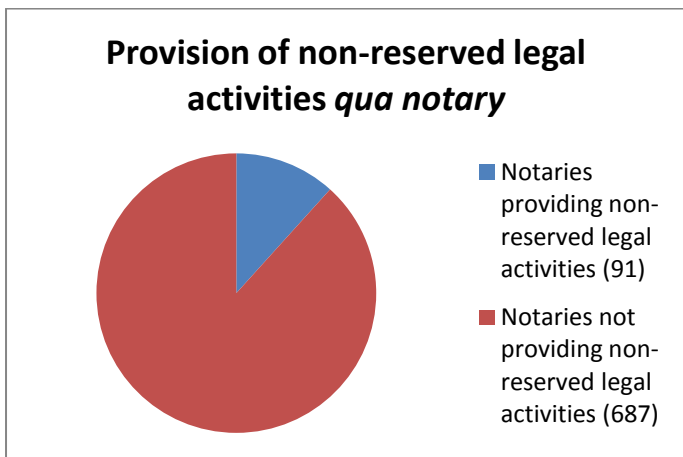
Reserved Legal Activity - 2013/14



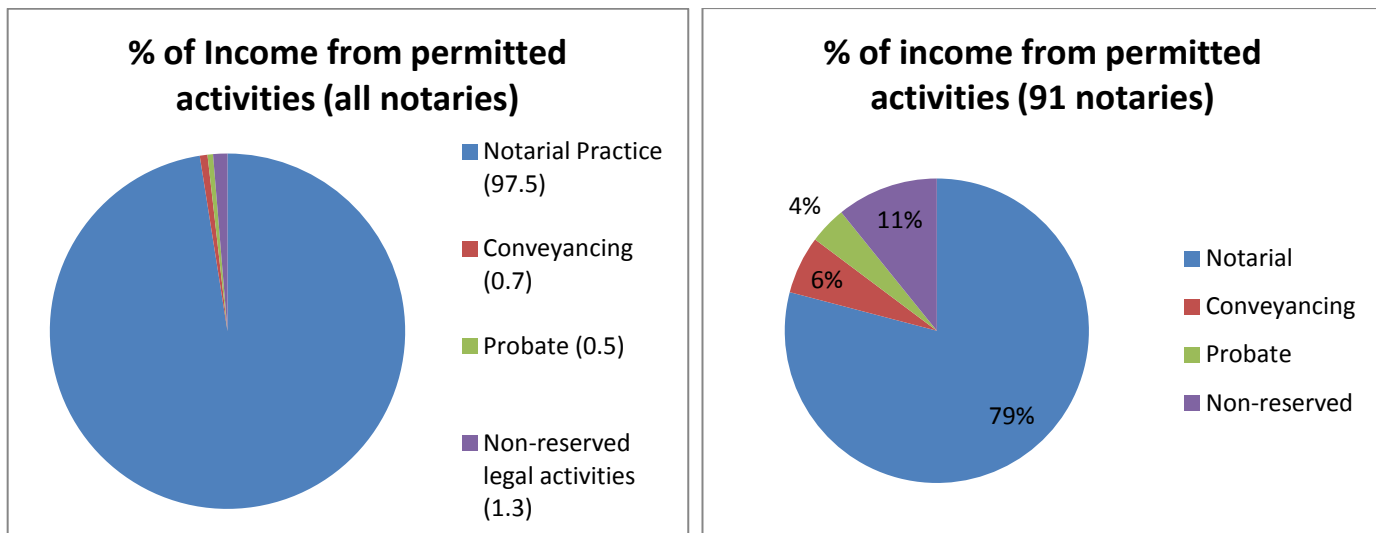
Of those 35 notaries who undertake conveyancing and/or probate in their notarial capacities in addition to pure notarial activity (36 in 2013/14), the percentage of their gross fee income from the respective areas is shown below:



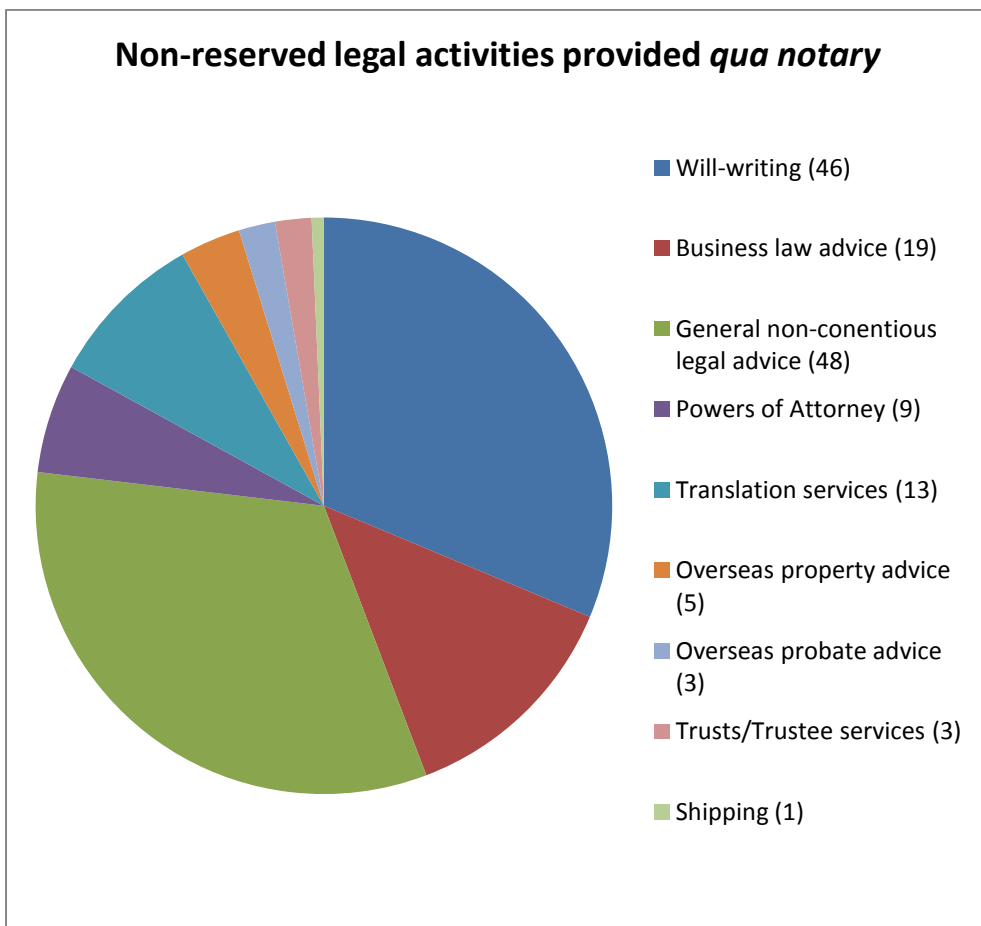
As will be noted, we also asked notaries how many carry out non-reserved legal activities in their capacity as a notary public. The information obtained is set out below:



We also asked for an approximate breakdown of the percentage of gross income attributable to the various areas of practice:

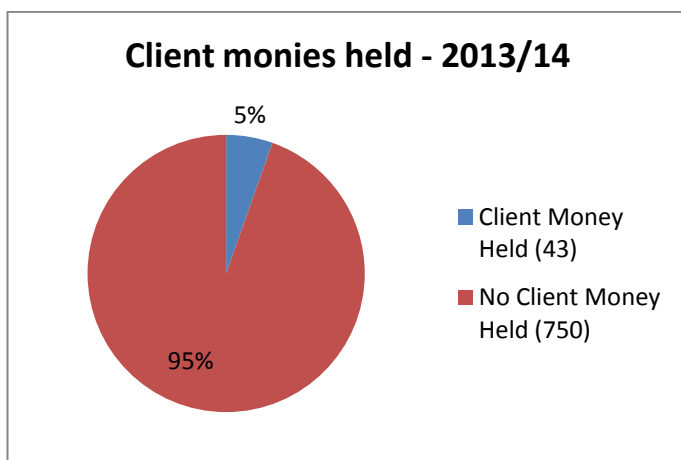
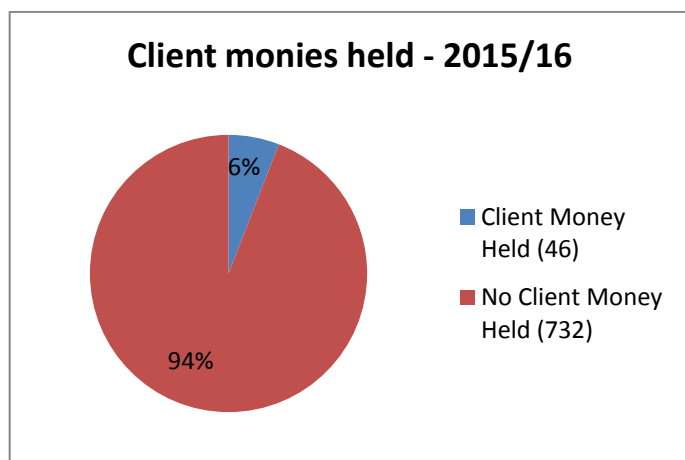


The types of non-reserved legal activities carried out *qua notary* fell broadly into nine work-types:



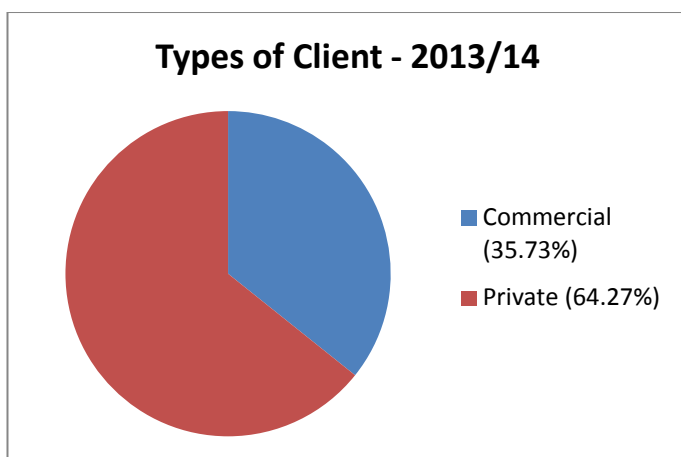
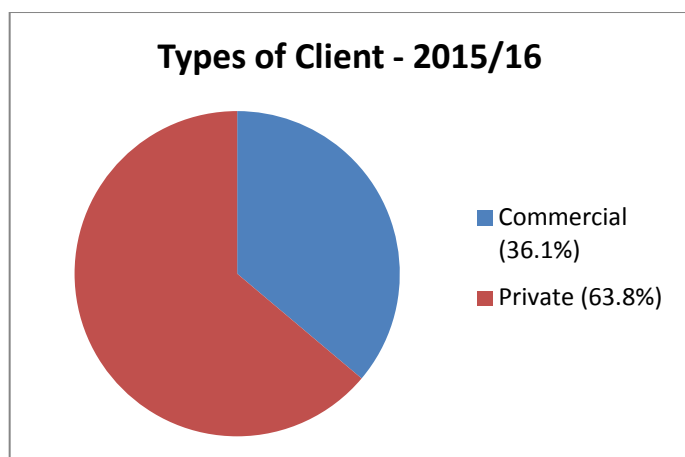
Does the notary hold client money?

One of the acknowledged 'risk areas' for lawyers is the holding of client monies in connection with their work. Very few notaries do hold client funds (as defined in the Notaries Accounts Rules 1989 (as amended)).



What type of clients instruct notaries?

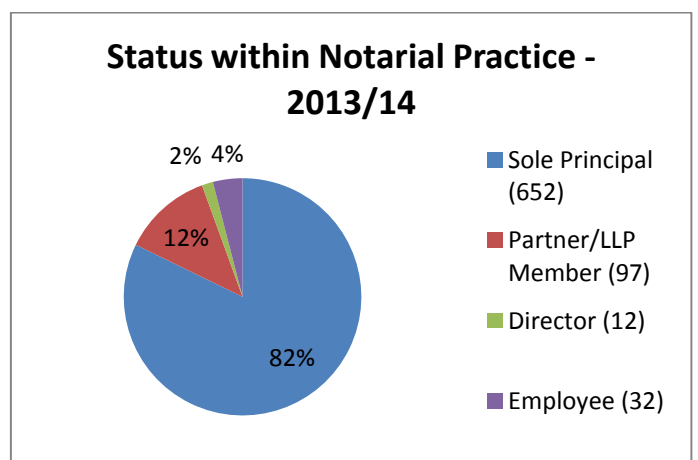
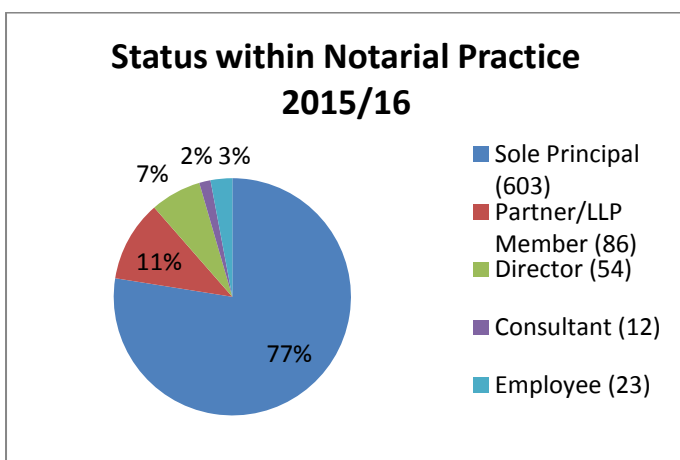
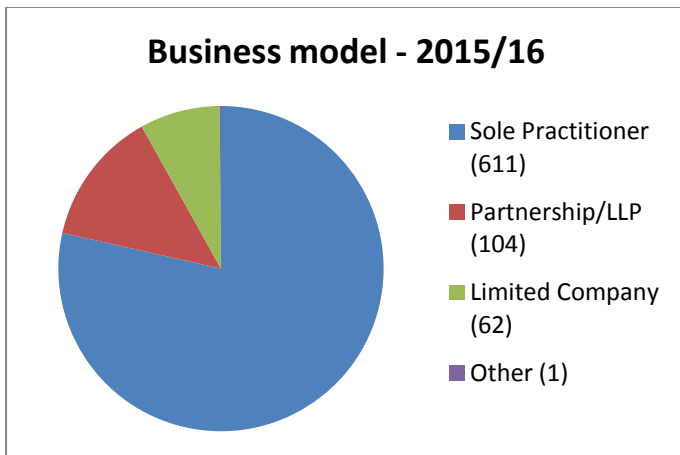
We asked notaries to estimate the percentage split between commercial clients and private clients?



NB – the above represents the average across the 778 (793 in 2013/14) active members of the profession. However, there is very wide divergence with some notaries having 100% commercial clients and others relying 100% on private client business.

Notarial practice business model

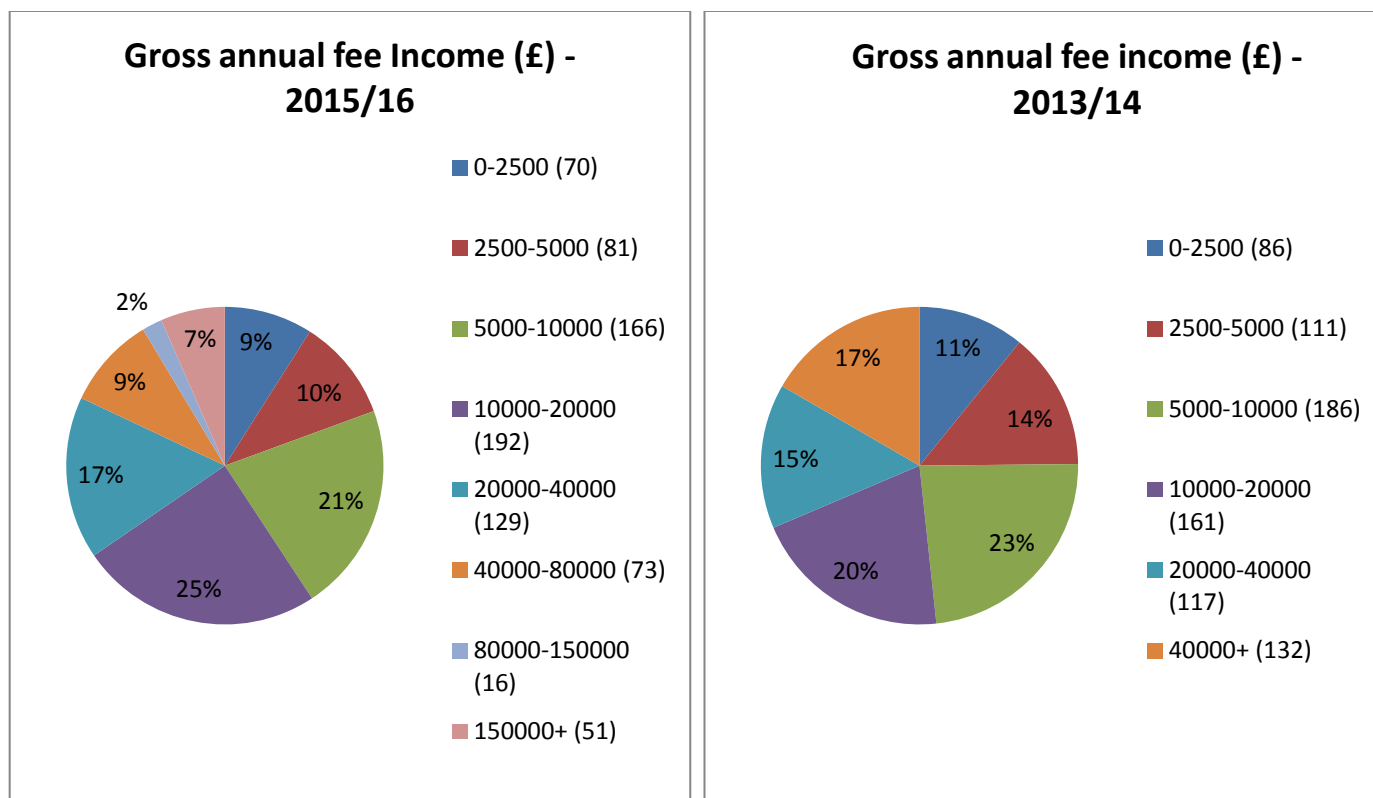
In order to further inform the Faculty Office's work on possible entity regulation, we ask for details of the type of business model which notaries operated their notarial practice through and their status within that practice:



As can be seen, by far the largest proportion of notaries practice as sole practitioners. We asked a similar question in 2013/14 when I had some doubts as to the accuracy of the information collected due to the potentially ambiguous wording of the question. The wording was amended this time and I am more confident that the resulting information is accurate.

Gross annual fee income (£)

We once again asked the profession to disclose their gross annual fee income but with an increased number of income brackets (the figures relate, of course, to the last complete financial year of each notary) :

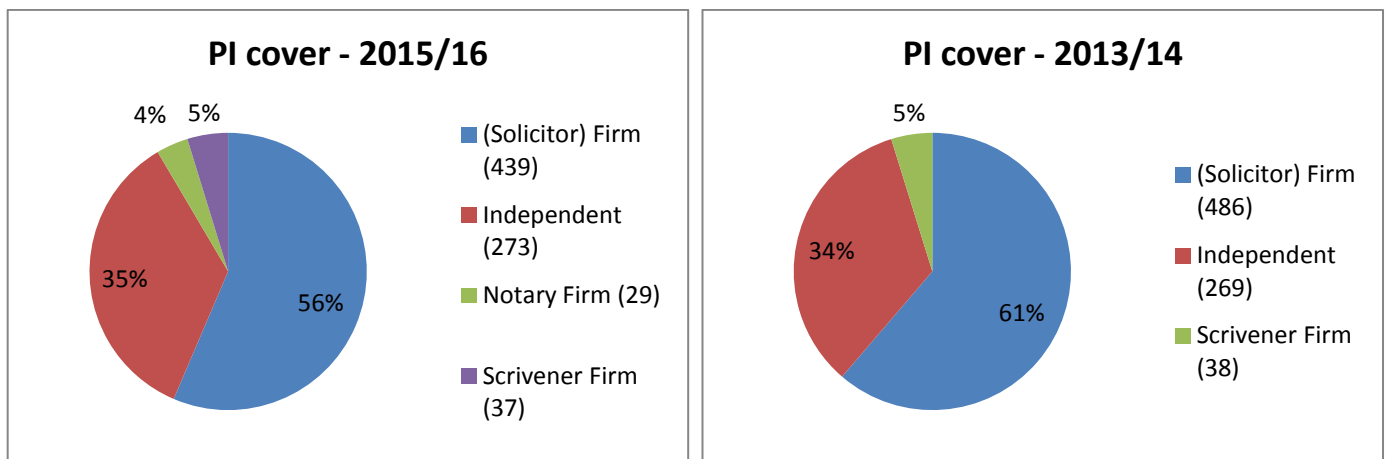


Again, there is wide divergence across the profession and it is possible that a number of those who indicated that their gross fee income is £150,000+ may be earning considerably more. What is worth noting is that the gross annual fee income of some 40% of the profession is less than £10,000 (down from 48% in 2013/14), with just under one-fifth earning less than £5,000 per annum (down from one-quarter in 2013/14) and 9% whose income is below £2,500 (11% in 2013/14). A detailed breakdown is given in Appendix I.

Insurance arrangements.

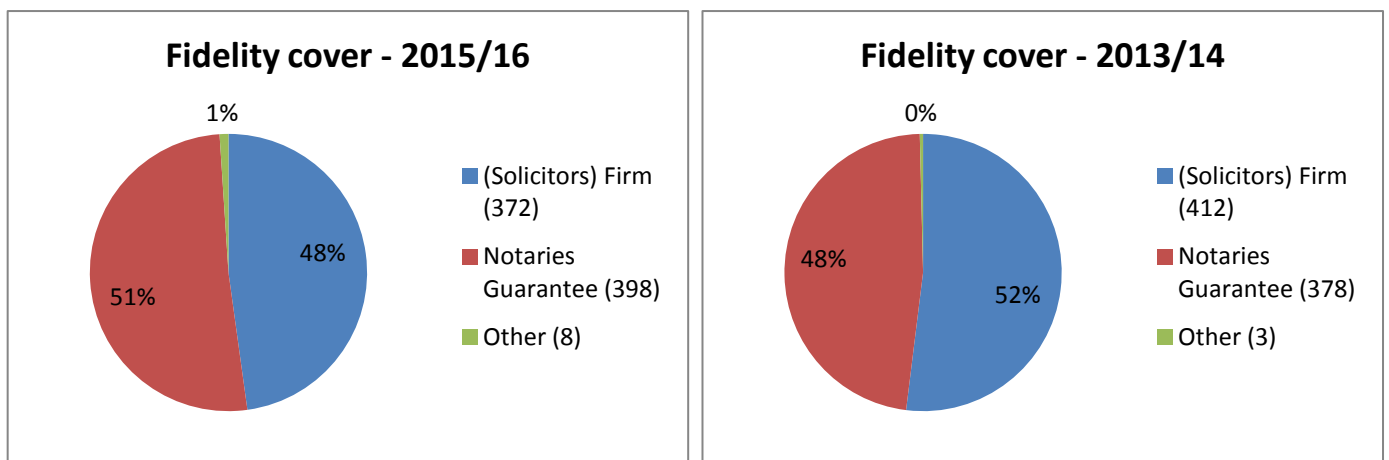
Professional Indemnity insurance cover is obtained through one of four sources. Notaries who have a dual legal qualification (often but not exclusively as solicitors) may be able to rely on the professional indemnity policy of their (solicitor's) firm to provide cover for their notarial activities. An increasing number of notaries are finding that it is more cost effective to take out their own independent indemnity insurance cover, not least because of the very high excesses which many solicitor's policies run in order to reduce the premium. Some notaries who practice in notary only partnerships have their own firm's insurance. Most of the Scrivener notary firm's carry their own indemnity insurances which cover all the notaries in the firm.

Professional Indemnity insurance cover:



Similarly, fidelity insurance which all notaries are required to hold in lieu of a central compensation fund, may be available through the solicitor's practice insurance. However, sole practitioners cannot insure themselves against their own dishonesty and the Notaries Guarantee scheme operated by the Notaries Society was set up to assist. Increasing numbers of non-sole practitioner solicitor notaries are now taking advantage of this scheme. Scrivener notaries are similarly able to make use of an insurance backed fidelity scheme where the Scrivener firm's insurance does not offer fidelity cover.

Fidelity insurance cover:



Of the other questions which we asked:

10 notaries reported having had a complaint made under an approved first-tier complaints handling procedure during the 2014/15 practising year. 32 had had complaints made against them in their capacity as another qualified legal professional under an approved first-tier procedure.

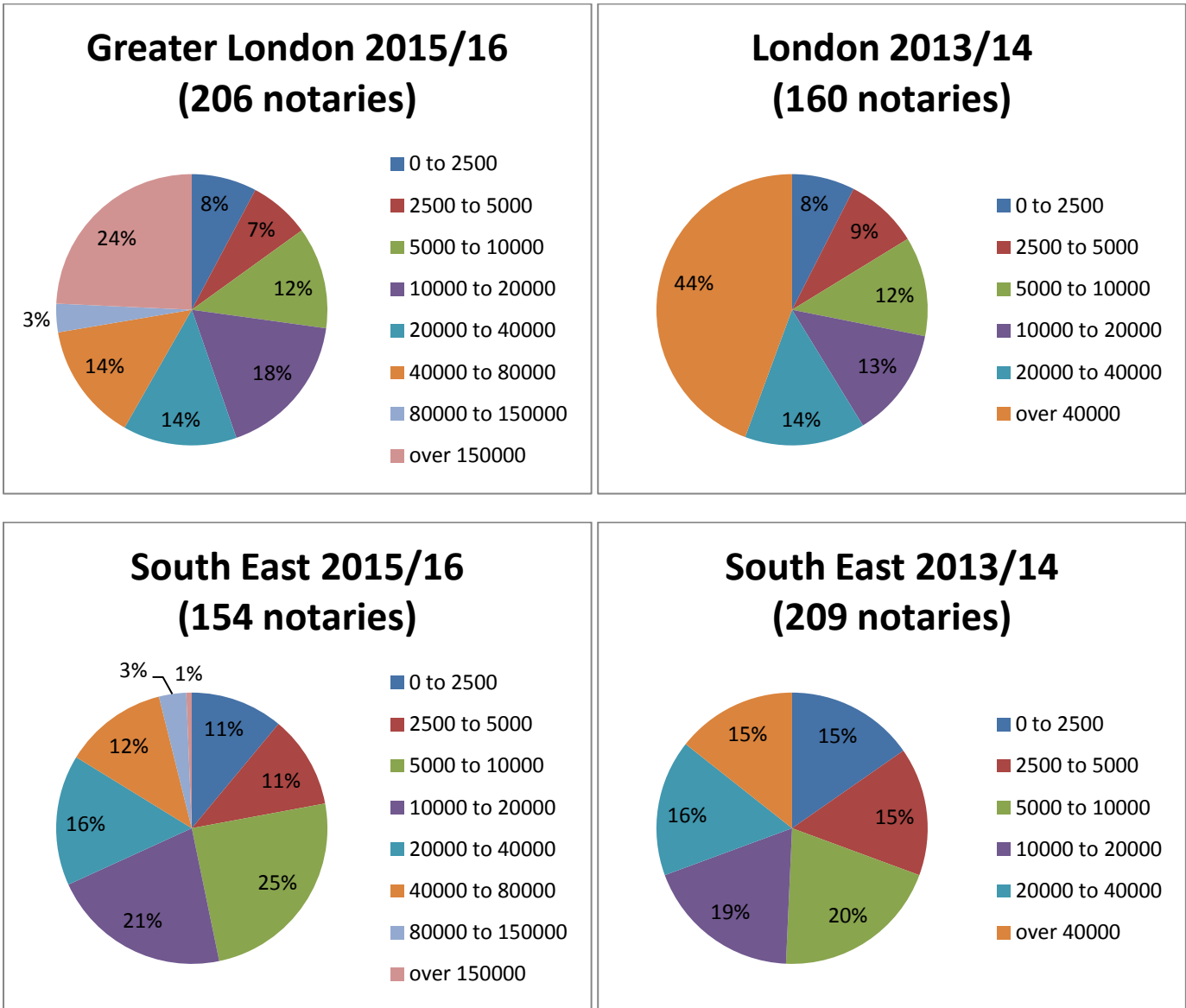
17 Suspicious Activity Reports (SARs) under the Money Laundering Regulations 2007 were submitted by notaries (in their notarial capacity) during the last practising certificate year.

NDT
4 January 2016

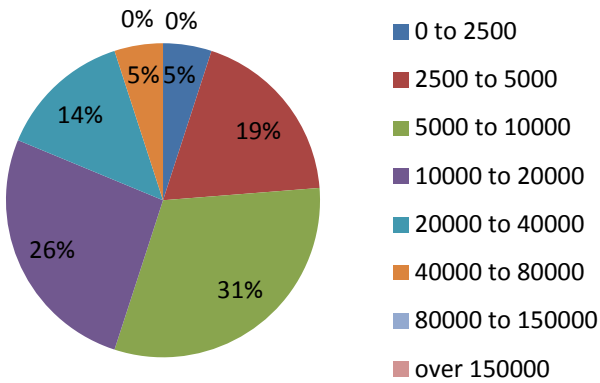
Appendix I

Breakdown of gross notarial income by regions in 2015/16 (compared with 2013/14).

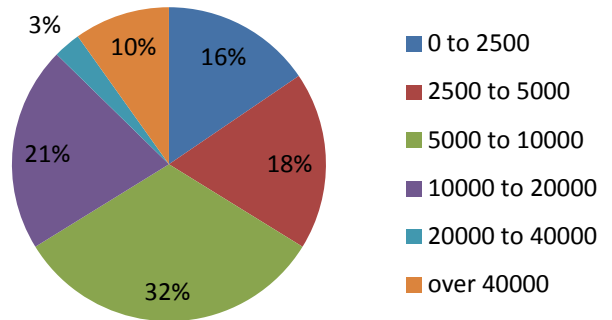
[NB - the differences in the numbers of notaries in each Region are largely explained by a slightly different approach by the complier. I think that in 2013/14, I only counted the inner London postcodes as being London whereas in 2015/16 this was extended to include postcodes of the outer London Boroughs resulting in an increase of notaries in London and a corresponding decrease in the South East and East of England. In addition, the postcode areas do not correspond precisely with the Regions (for example SY covers parts of Shropshire but also extends across to the Welsh coast, taking in a large swathe of mid-Wales, so for the purposes of this analysis all SY based notaries have been counted as being in Wales)]



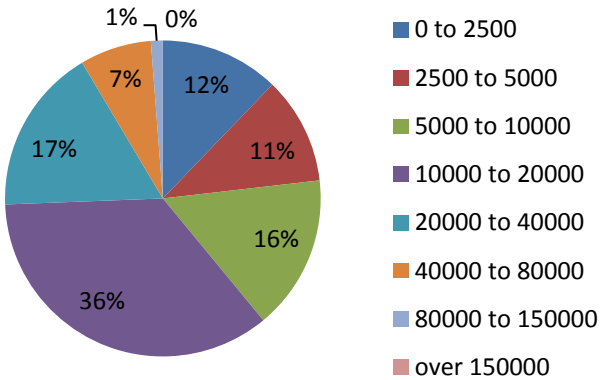
South West 2015/16 (80 notaries)



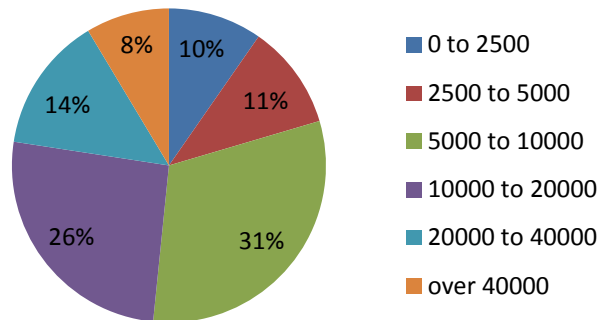
South West 2013/14 (71 notaries)



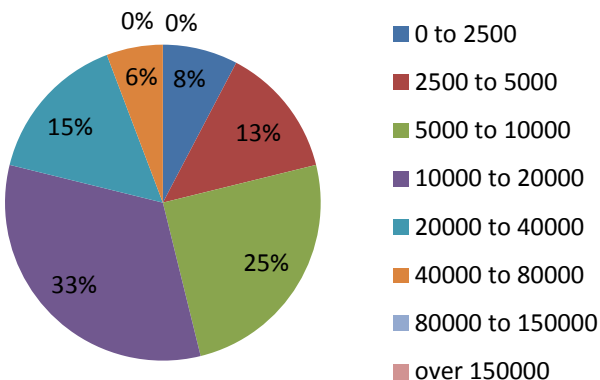
East of England 2015/16 (82 notaries)



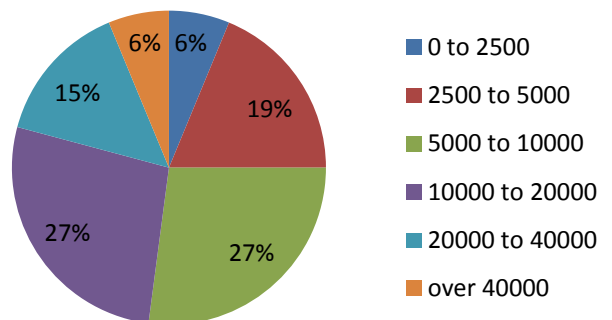
East of England 2013/14 (93 notaries)



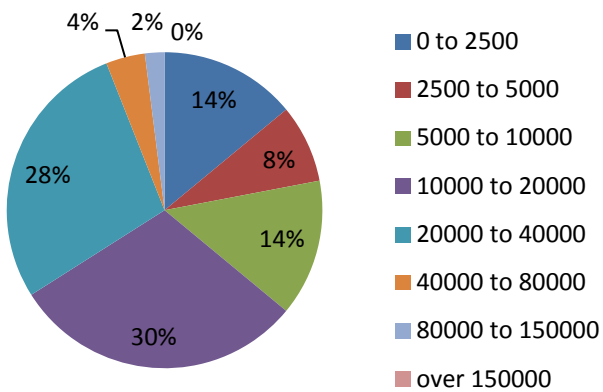
East Midlands 2015/16 (52 notaries)



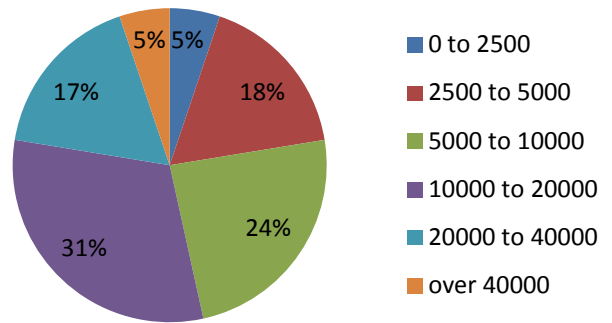
East Midlands 2013/14 (48 notaries)



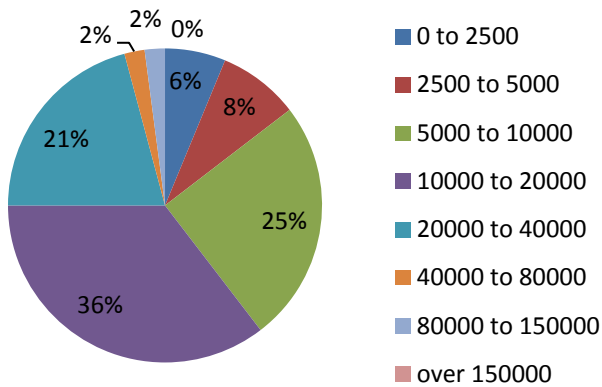
West Midlands 2015/16 (50 notaries)



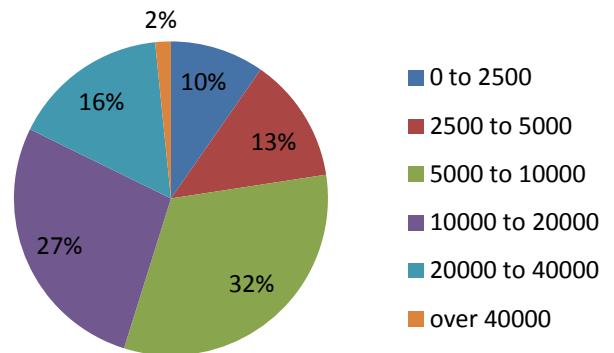
West Midlands 2013/14 (58 notaries)



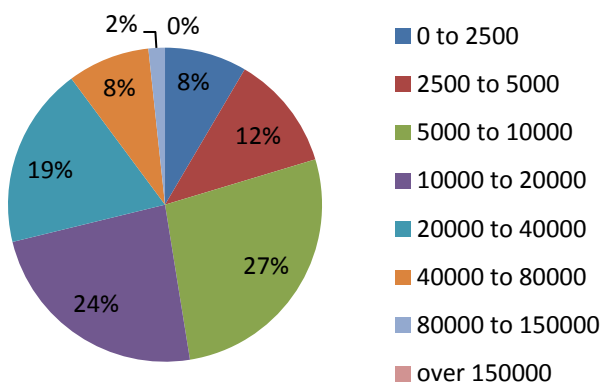
Yorkshire & The Humber 2015/16 (48 notaries)



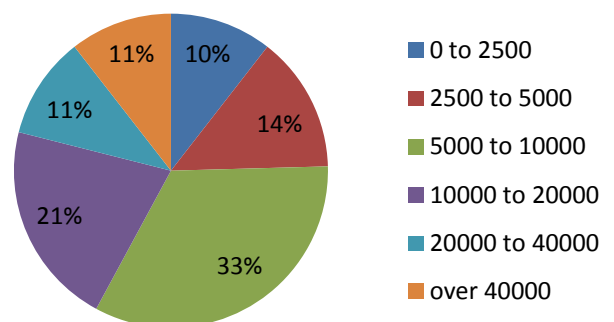
Yorkshire & The Humber 2013/14 (62 notaries)



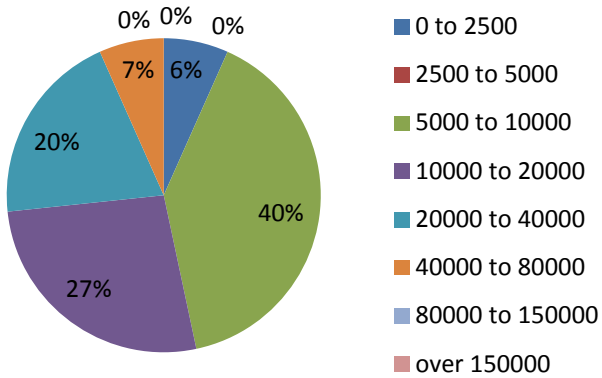
North West 2015/16 (59 notaries)



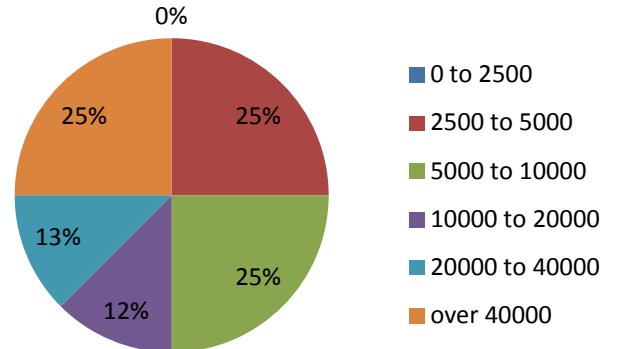
North West 2013/14 (57 notaries)



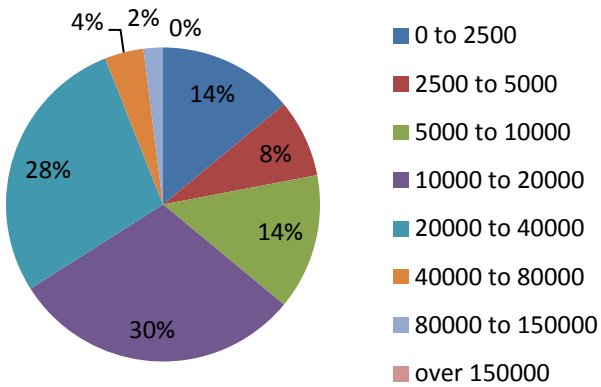
North East 2015/16 (15 notaries)



North East 2013/14 (8 notaries)



Wales 2015/16 (31 notaries)



Wales 2013/14 (27 notaries)

