



CILEx Regulation Limited's response to the LSB's consultation on Encouraging a Diverse Legal Profession

Executive Summary

CILEx Regulation welcomes the opportunity to respond to the LSB's consultation on Encouraging a Diverse Legal Profession.

- We broadly support the high-level outcomes proposed in order to make a step change in equality, diversity and inclusion in the legal profession;
- But we have serious concerns that the proposed expectations are unduly onerous and prescriptive and will not achieve our shared objectives;
- We are happy to work with the LSB on alternative more proportionate proposals. Given the make-up of those we regulate we would be happy to help lead further work on facilitating and encouraging progression and recognition;
- We think the LSB approach should embrace more fully the diversity of users of legal services and also take into account the growing unregulated sector.

Introduction

1. CILEx Regulation (CRL) welcomes the opportunity to respond to the LSB's consultation on Encouraging a Diverse Legal Profession and supports the LSB's aim to improve diversity and inclusion across the legal sector. Equality, Diversity and Inclusion (EDI) is a strategic priority for CRL. We recently published a refreshed [EDI Strategy](#) that sets out our aim to improve access to the profession, support CILEX members to progress, ensure consumers are well served and role model best practice. This closely aligns with much of the LSB's Statement of Policy.
2. However, while we broadly agree with the high-level outcomes proposed by the LSB, we have concerns about the prescriptive nature, volume and proportionality of the accompanying mandatory expectations.
3. The core and many of the enhanced expectations apply uniformly to all regulators without regard for the costs and benefits of the proposals or the differences in professions, the specific challenges facing each regulated community, regulatory size, reach or statutory remit. For a regulator of our scale overseeing predominantly individuals and a small number of firms, the requirements would impose a disproportionate regulatory and financial burden, likely necessitating additional staff or external resource and increasing the PCF. This comes at a time when regulators are being asked to prioritise growth and on top of the cumulative impact of multiple LSB policies introduced since 2022.

4. We note that the LSB has not carried out a detailed impact assessment setting out likely costs and benefits of its proposals. It is too late to expect independent regulators to do so once a new framework is in place.
5. Although the consultation describes the framework as flexible, the drafting signals an expectation of compliance with both core and many enhanced expectations, with limited clarity on how proportionality or discretion will be applied. Several expectations (for example those concerning “healthy and inclusive professional environments”) require further definition, particularly where there is an overlap of regulatory responsibilities for individuals working in firms regulated by other regulators.
6. The proposals do not seem to allow regulators sufficient flexibility to prioritise issues that are pertinent in each regulator’s remit. The CILEX route already delivers a diverse entry pathway into the profession, yet Chartered Legal Executives continue to face barriers to progression and recognition. We are undertaking work to improve understanding of career progression within our community; however, the scope of the proposed policy may divert resources away from these essential initiatives.
7. Many of the factors that impact on EDI lie outside our regulatory influence, including government policy, public perceptions shaped by media and official advice channels. There is scope for the LSB to influence and support change in these wider areas.
8. We believe a more proportionate and effective approach would be for the LSB to take a more collaborative, facilitating approach with provision of guidance as to best practice and utilising its convening power to coordinate regulators and stakeholders on cross-cutting challenges, building on the existing Regulators’ EDI Forum, rather than introducing a highly prescriptive Statement of Policy. Shared tools, collaborative projects and targeted interventions would provide consistency while respecting the differing contexts and capacities of each regulator.
9. In summary, while we support the LSB’s aims, the proposed expectations in their current form are overly prescriptive, insufficiently proportionate and risk diverting resources away from high impact work. We urge the LSB to adopt a more collaborative approach that ensures resources are targeted rather than spread too thinly and focused on compliance rather than outcome.

Context of the CILEX route and our regulated community

10. Our regulated community comprises around 17,000 individuals, including 7,700 authorised individuals and a small number of firms.
11. The CILEX route offers a flexible, non-degree pathway into the legal profession which is open to all, enabling access for people who may not otherwise have been able to pursue a legal career due to financial, caring or other personal constraints. As a result, the CILEX community is already significantly more diverse than many other parts of the sector, for example:

- around three-quarters of Chartered Legal Executives are female
- 6% attended fee-paying schools compared with 21% of solicitors
- CILEX members come from a more socioeconomically diverse background compared to other legal professions.

12. A sizeable majority work of our regulated individuals work within firms regulated by other regulators, predominantly the SRA, over which we have no direct regulatory reach in respect of a firm's approach to EDI. Chartered Legal Executives and paralegals still face barriers to progression and recognition, and many feel undervalued within the profession. This is an issue that we have been prioritising and we are already undertaking work to improve progression data and understand these challenges more deeply. We are concerned that compliance with the extensive requirements proposed in the Statement of Policy risks diverting resources away from work that could have genuine impact for Chartered Legal Executives.

Q1a. Do you agree that these proposed outcomes will help to address the barriers to encouraging a diverse legal profession? Are there any further, or alternative, outcomes we should consider?

13. We share the LSB's strategic ambition to encourage a diverse profession and agree that attracting, developing and retaining diverse talent is both a matter of fairness and a driver of innovation, productivity and consumer confidence.

14. While we broadly agree with the outcomes proposed by the LSB we have concerns about the scope, prescription and volume of the accompanying expectations.

Q1b. Do you agree that the proposed outcomes should be pursued by regulators through a set of specific expectations?

15. Although there is alignment between the LSB's outcomes and the aims within our [EDI strategy](#), the expectations appear to effectively prescribe the actions regulators must take. This limits our flexibility to determine how best to achieve the outcomes in our own regulatory context and diverts resources from current planned work. We also have concerns that the work required for all the regulators to meet the expectations may reduce capacity for work to address many of the challenges for our regulated community such as improved appreciation of the CILEX route into law and career progression.

16. The LSB's current 2017 [guidance](#) is contained in four pages. It explains the statutory basis, sets out the characteristics regulators should prioritise and the four outcomes they should seek to deliver. Notwithstanding the limited guidance, the LSB acknowledges there have been improvements in diversity, including at entry level and some dismantling of traditional barriers. With the proposed policy with its four new outcomes, eighteen core expectations supported by footnotes and seven enhanced expectations the LSB is making a huge stride into prescription when in our view it

would achieve better results by using its powers in a more supportive and targeted way.

17. The core and many of the enhanced expectations set out are extensive and apply uniformly across all regulators without regard for differences such as the size and nature of the professions regulated, regulatory reach, the intersection of regulatory functions, and the scale and capacity of existing EDI and other work. Given our regulatory remit and the profile of those we regulate, we consider the breadth of the expectations disproportionate.
18. We are concerned that the LSB's proposals are too prescriptive and show little flexibility or regard for each regulator's circumstances. This risks diverting material financial and staffing resources away from high impact work, creating unintended impacts on our established EDI work programme. Such prescription risks requiring our EDI work to be simply about compliance with LSB expectations rather than focusing on the outcomes we reach in partnership with the regulated community and consider will be of most benefit for those we regulate.
19. While the LSB has indicated during the consultation period that it will take a flexible and collaborative approach to implementation, we have concerns and seek reassurance about how this will be applied if the wording of the policy remains as proposed.
20. Although the consultation notes that the framework is intended to be flexible and supportive, the drafting of the policy implies a clear expectation of compliance with all core expectations, with use of the word "must", and many of the enhanced expectations where the regulator regulates firms.
21. The only stated flexibility is in paragraph 24 of the policy with "discretion" for regulators "to take alternative steps to pursuing the outcomes", however, this is where regulators can produce clear evidence that these are more appropriate. The evidential threshold is unclear, and there is no recognition of the principles of proportionality nor explanation of how discretion will be applied or assessed in practice.

Q1c. Do you agree that the proposed structure of core and enhanced expectations under the general outcomes offers an effective way to set a clear minimum standard for all regulators, while also encouraging regulators to consider additional steps, where appropriate?

22. We do not agree and refer to our reasons set out above.
23. We consider that a more effective approach would be for the LSB to issue guidance to support its high-level outcomes that incorporates clear examples of good practice which have demonstrably achieved, or contributed to, the changes described in the proposed outcomes. As a smaller regulator, we see particular value in the LSB developing and sharing updated good practice EDI guidance. Such guidance would provide additional clarity, support consistency where needed and appropriate across

the sector, and assist regulators of different sizes and capacities in identifying evidence based approaches that are likely to have the greatest impact.

24. We have concerns about how the LSB will view a regulator's approach to enhanced expectations. Paragraph 27 references situations in which the LSB may decide that regulators should be meeting the enhanced expectations and provides examples of evidence of slow progress or the need to tackle more complex barriers. However, these may be factors which are not within our direct control. For example, government policy can impact on such areas as apprenticeship funding, and, separately, our regulated individuals largely work in firms regulated by other regulators.

Q2a. Do you agree with the proposed Outcome 1?

25. We broadly agree Outcome 1: Regulators take strategic, evidence-based and collaborative actions to encourage a diverse legal profession.
26. We undertook considerable work to improve diversity data collections and since 2019 we have established diversity data collection through the CRM securing full responses from our regulated individuals. We believe that our two-yearly diversity monitoring cycle provides a strong evidence base for our regulatory decisions. We have supported this with evidence from such research as [Beyond Buzzwords](#) and [CRL case study](#) and work with the Bridge Group devising an approach to collecting additional data relating to career progression.
27. We agree that collaboration is an important mechanism to drive improvements across the legal sector. The existing Regulators' EDI Forum, which the LSB participates in, is an effective mechanism for sharing good practice, initiatives and research. We have used shared information about data monitoring, approaches to analysis and issues identified in research where our own data is insufficient to identify issues to develop our regulatory approach.

Q2b. Do you agree that the proposed expectations will help regulators to pursue Outcome 1? Are there any further expectations beyond those we have included that would support regulators to pursue this outcome?

28. Footnote 10 to 29.I states the LSB's expectation that regulators must collect data on all the protected characteristics. While we collect on the majority, we consider that a blanket requirement is not appropriate as reporting on certain characteristics does not provide the same, or indeed any insight. We agree that collection of more suitable contextual data can identify issues and support initiatives.
29. While we see the benefit of regulators having an EDI strategic plan, as we have had since 2022, we are concerned about the level of prescription of approach and requirements detailed at 29.III. We are of the view that a regulator should be able to take the most appropriate approach to setting its own strategic objectives as directed by its Board and commensurate with its size, regulatory remit, and the diversity and challenges for its regulated community.

30. Section 29. IV refers to harmonising data and it is not clear if that is a requirement or a suggestion for collaboration. We have found the Regulators' EDI Forum an effective forum for sharing diversity monitoring questions and this has facilitated a degree of similar core diversity data monitoring across the legal sector. However, regulators require the flexibility of developing collection of data relevant to the issues specific to those they regulate, for example, this year we have started to collect data related to our work on progression.

Q2c. Are there any enhanced expectations that would be better placed under core expectations under Outcome 1? Are there any core expectations that would be better placed under enhanced expectations under Outcome 1?

31. As we have set out above, if the LSB were to take the approach of producing guidance, the enhanced expectations could be developed within such guidance.

Q3a. Do you agree with the proposed Outcome 2?

32. We broadly agree with Outcome 2: Regulators take effective steps to ensure regulatory approaches, processes and decision-making support equality and fairness and do not undermine efforts to encourage a diverse profession.

33. We already support Board decisions with impact assessments and include them in policy work consultations and LSB applications. CRL staff undergo annual safeguarding and EDI training and additional training, such as mental wellbeing and worker protection rights and sexual harassment, is available on our learning hub and supports our enforcement team in its approach to investigations. A range of enhanced and targeted training is provided to our disciplinary team and panels twice a year. We have expanded the data we collect across all stages in CRL's disciplinary cases with the aim of understanding differential outcomes. As a smaller regulator we have a smaller volume of cases and consequent data, this is not recognised with the blanket requirements at 31 III c.

Q3b. Do you agree that the proposed expectations will help regulators to pursue Outcome 2? Are there any further expectations beyond those we have included that would support regulators to pursue this outcome?

34. We refer to our above response. Additionally, core expectations 31 III b. and c. require clarification where there is dual regulation of individuals, or individuals regulated by one regulator working in firms regulated by other regulators. In these situations, we agree with the other regulator who will lead the investigation. The other regulator will usually take the lead where the conduct occurred whilst the regulated person was working in a firm over which they have regulatory oversight, or where they have better powers to address the conduct in question. In these situations, we do not have access to data in the disciplinary processes of other regulators, and we have no control over the other regulator's disciplinary processes in terms of inconsistent or unfair outcomes.

Q3c. Are there any enhanced expectations we could set for regulators to pursue Outcome 2?

35. No

Q4a. Do you agree with the proposed Outcome 3?

36. We broadly agree with Outcome 3: Regulators support fair, flexible, and accessible pathways into, within and back into the professions that encourage a diverse profession.
37. We believe that the CILEX route to qualification is fair, flexible with accessible pathways. Our diverse regulated community compared to many of the other legal professions is reflective of this.
38. The CILEX route is open to all with no requirement for previous qualifications or a degree, while also recognising existing qualifications. Our training routes are based on knowledge and understanding and competence in the workplace. The requirements for both are clearly defined in our Specialist Pathway Frameworks starting at Level 3 (GCE/A Level) and concluding at Level 6 (final year of an Undergraduate Degree). Competence in the workplace is measured based on evidence produced by the applicant whilst employed in legal roles. Candidates work at own pace to progress their career through the various levels of authorisation. Funded routes to authorisation are available through Apprenticeships and CILEX Bursary Funds.
39. Qualifications and providers are subject to ongoing stringent quality assurance processes based on Ofqual Conditions of Recognition which include EDI requirements.
40. All fees charged by CRL are published on CRL's website. As part of the approval process for recognition of qualifications, we require training providers to publish all costs associated with achievement of their qualifications.

Q4b. Do you agree that the proposed expectations will help regulators to pursue Outcome 3? Are there any further expectations beyond those we have included that would support regulators to pursue this outcome?

41. We believe it would be helpful to provide both sets of expectations as best practice guidance.

Q4c. Are there any enhanced expectations that would be better placed under core expectations under Outcome 3? Are there any core expectations that would be better placed under enhanced expectations under Outcome 3?

42. No

Q4d. Are there any additional expectations, either core or enhanced, we should set under Outcome 3 to reduce barriers faced by authorised persons when moving

between and/or re-entering the professions (e.g., following a prolonged absence from practice for health, caring or other reasons)?

43. We consider our pathways are fair, flexible and accessible, however, work experience in a legal role is required for assessment to full qualification. Factors relating to this, including recruitment, promotion and career progression lie within firms and legal settings. These similarly have an impact on movement between and re-entering professions and are consequently outside our control.

Q5a. Do you agree with the proposed Outcome 4?

44. We broadly agree with Outcome 4: Regulators ensure their frameworks effectively support authorised persons to uphold professional conduct, behaviours, and competencies that encourage a diverse legal profession.

Q5b. Do you agree that the proposed expectations will help regulators to pursue Outcome 4? Are there any further expectations beyond those we have included that would support regulators to pursue this outcome?

45. We believe it would be helpful to provide both sets of expectations as best practice guidance.

46. We seek a clear understanding of what the LSB means by “fair, healthy and inclusive professional environment” in paragraph 34 II as this appears to extend further than the Legal Services Act Regulatory objective (f) encouraging an independent, strong, diverse and effective legal profession.

47. The LSB needs to clarify its expectation in relation to Core expectations for Outcome 4. The text indicates that all regulators **must** meet core expectations 34 I – VIII. We seek to understand the LSB’s expectations regarding 34 II where a CRL authorised individual is working as a manager in a firm regulated by a different regulator.¹ Expectation 34 II appears to require regulators to have an additional standard for managers in place, with monitoring requirements. This is not feasible or proportionate where such CRL regulated individuals work in firms outside our regulatory reach and we also refer to Section 52(4) of the Legal Services Act 2007².

48. The core expectations for managers at 34. II and IV are mandatory as is 34. VII in that it is applicable to firms. According, no allowance is made for a proportionate approach either for us as a regulator or for firms differentiated by size. We have 54 firms and among them only: twenty have staff beyond the owner; four have more

¹ The text “where applicable” included at the start of both 34 VII and VIII (denoting the expectations are relevant to authorised firms and are relevant only to those regulators that have regulatory responsibilities for authorised firms) is not included at 34 II.

² Section 52(4) of the Act 4 If a conflict arises between—

(a) a requirement of the regulatory arrangements of the entity regulator, in relation to the body authorised by the entity regulator or an employee or manager of the body (“an entity requirement”), and

(b) a requirement of the regulatory arrangements of another approved regulator in relation to an employee or manager of the body who is authorised by it to carry on a reserved legal activity (“an individual requirement”), the entity requirement prevails over the individual requirement.

than four additional staff; and one has authorised individuals beyond the owner. The minimum work for our firms will involve time to work through and understand the new requirements and work out the steps they initially, and on an ongoing basis, need to take to achieve compliance. This initial work can take more than two days work of a two senior managers, thereby losing fee earning of more than 30 hours, at an hourly rate of £300, a loss in earnings of £9,000, followed by the costs of training, annual compliance and administrative costs. This will have a large and disproportionate financial impact on the small firms we regulate.

49. We refer to 34. VIII and while we support the encouragement of firms to consider having diversity policies, the prescription as to content is not proportionate to the size of the firms we regulate. The LSB will also needs to make clear what they intend by a “healthy workplace”.

Q5c. Are there any enhanced expectations that would be better placed under core expectations under Outcome 4? Are there any core expectations that would be better placed under enhanced expectations under Outcome 4?

50. We refer to our comments above.

Q6a. Do you agree our proposed timelines for implementation are achievable?

51. The point in time when the policy is published, and the final requirements, will impact on the proposed implementation timeline. We have already set out our EDI priorities for the next three years. To meet implementation, resources will need to be redirected from the planned work, and resources from different parts of our organisation will be involved. The ability to do this will depend on priorities and need across CRL. Some of the expectations will require consultation and rule change, insufficient time for this and for governance needs to be factored in.

52. Additionally, some change will depend on factors outside regulators’ remit and the legal sector, such as governmental policy and political and social climates outside the UK. The proposed implementation timeframe is ambitious given the scale of work, resource requirements, and external factors.

Q6b. Are there any reasons why a regulator would not be able to meet these milestones? Please explain your answer.

53. Please see response above.

Q6c. Do you have views on whether and how the LSB could take additional steps to support compliance with the proposed statement of policy (e.g., through either formal or informal outputs, such as guidance and/or other relevant resources)?

54. While we broadly support the proposed high-level objectives, we do not agree with the approach with the volume of mandatory expectations and believe a better approach would be for the LSB to publish best practice guidance.

Q7a. Have you identified any equality impacts (both positive and negative), we haven't considered which, in your view, may arise from our proposed statement of policy?

55. Please see earlier response.

Q7b. Do you have any evidence relating to the potential impact of our proposals on specific groups with certain protected characteristics, and any associated mitigating measures that you think we should consider?

56. Please see earlier response.

Q7c. Are there any other wider equality issues or impacts that we should take into account and/or any further interventions we should take to address these in our proposed statement of policy?

57. We refer to the disproportionate impacts on our small firms above. This impact on small firms risks diversion of work away from serving clients and passing costs onto them. While conversely, the potential positive impacts for consumers is the increase in a more diverse profession which reflects consumers who need their services and are able to understand, empathise and better serve them.

Q8. Do you have any comments on the potential impact of the draft statement of policy, including the likely costs and anticipated benefits?

58. We refer to our response to Question 5b.

59. We are concerned that the proposals are onerous and the LSB has not considered the associated costs and burdens. Indeed we note that the LSB has not provided an impact assessment or costs and benefits analysis, leaving that for regulators to do later. But once a statutory framework is imposed, that is too late.

60. It is also important that this policy is considered within the wider context of the suite of policies issued by the LSB since 2022, and the cumulative increased regulatory burden for CRL and firms we regulate. This has included changes to our regulatory arrangements; enhanced operational monitoring; changes to firms' practices and additional reporting requirements; and increased reporting by us in the Annual Regulatory Performance Assessment. These additional costs come at a time when the government is pursuing a growth agenda and proportionate regulation.

61. While it is difficult to undertake costs benefit analysis until the exact requirements are known, in our view, the LSB's proposed expectations will represent a substantial increase in the regulatory burden both on CRL, and the firms, managers within the firms and practitioners we regulate.

62. We have considered the requirements at 34.I and II alone for CRL and these alone would require a change to the CILEX Code of Conduct and potentially new rules for managers in firms. This will take a minimum of CRL staff time on policy approach, possible buy in of external expertise, drafting, operational consideration, consultation,

Board time, LSB application, implementation and communication, operational monitoring and evaluation.

63. In relation to our regulated individuals there is potential with a Code change to support better working environments and reduce discriminatory working practices. Although given the small number of firms and their small size, the potential impact on delivering the LSB's EDI outcomes is minimal.
64. Delivering the expectations as drafted would require us either to recruit additional staff, procure external expertise or deprioritise other work. This will likely result in an increase in fees. Increases in fees will likely fall hardest on the smaller, resource constrained firms and individuals the policy aims to support and is likely ultimately to increase costs for consumers.
65. The prescriptive approach restricts our ability to determine how best to use resources to meet the proposed policy objectives in a way that is reasonable and proportionate for our regulated community. There is a real risk that implementation could compromise delivery of other regulatory functions.

Q9a. Do you have any comments on how the LSB, either independently and/or in partnership, might develop further measures alongside the proposals set out in the consultation to encourage a diverse profession?

66. In its Business Plan Consultation, the LSB indicates that in 2026/27 it will implement a revised approach to oversight, to ensure that it is effective, proportionate, and targeted in areas where it has least assurance.
67. We would urge the LSB to consider a more effective, proportionate and collaborative approach to improving EDI. This could be achieved with the LSB issuing revised EDI high-level outcomes, without the associated substantive levels of prescription, supported by best practice guidance as set out above.
68. We note that while the policy refers to collaboration, it does not detail the LSB's approach and role in this. The LSB could better use its convening power to bring relevant stakeholders together to facilitate working through specific challenges that cut across the professions.
69. We would suggest a better, more proportionate approach would be for the LSB to use its convening power to support collaborative work on cross-cutting challenges, for example:
 - expanding the remit of the existing EDI Regulators' Forum
 - convening sector wide workshops on such issues as recruitment, retention, wellbeing and, of particular interest to CRL, career progression
 - facilitating production of shared tools such as model policies and guidance
 - hosting roundtables with stakeholders to test what regulatory interventions would actually shift behaviour

- supporting alternative pathways, such as CILEX, in professional recognition and visibility
- in using influence with government and other stakeholders that interact with and can be vital to some types of legal sector work.

Q9b. Do you have any views on whether the LSB could take additional steps alongside setting expectations for regulators in the draft statement of policy to encourage a diverse profession? If yes, please share your reflections on the most appropriate and potentially effective routes the LSB could take to achieve this.

70. We refer to our response above.

Q9c. Do you have any further comments on our proposals that you would like to share

71. While we have set out our concerns about the LSB's approach and its disproportionate impact on CRL and our regulated community - particularly small firms - we recognise that greater diversity within the profession can improve outcomes for consumers, as a profession that reflects the populations it serves is better able to understand, empathise with and support them. We also note that the LSB's consultation does not address diversity within legal services provision that falls outside the scope of the Legal Services Act 2007. Many consumers do not distinguish between regulated and unregulated providers. From the perspective of users of unregulated legal services, and to meet their needs, the benefits that a diverse provider base can offer are also highly relevant. We therefore consider that diversity across the whole legal services market warrants consideration.