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By email only

3rd June 2020

Dear Angela

Information request: diversity of the legal profession

Thank you for your letter of February 2020 to Sheila Kumar seeking an update from the CLC on our work on diversity and inclusion. I am replying on Sheila's behalf.

There are two elements to your request. I will begin with the second, the explanation of relevant activity and learning in relation to the three characteristics of well-performing regulators set out by the LSB. Following that, I provide an update on the expectations the LSB set out for the CLC in January 2019, which were based on information provided to the LSB in mid-2018.

Characteristics of well-performing regulators

1. *An understanding of the composition of their regulated community*

The most recent diversity profiling survey

In early 2019, the CLC undertook its latest diversity profiling survey of its governing Council, staff and regulated community. The survey was in the field from Friday 1st February to Wednesday 6th March 2019.

For these purposes we will refer only to the results for the regulated community, which was split into two groups for the profiling exercise:

- A. Individuals holding a licence from the CLC (to whom the survey was emailed directly)
- B. Individuals working in CLC-regulated practices but not holding a CLC licence (who accessed the survey from a link circulated by their employer)

We achieved a 38% response rate for group A. Group B returned 1,077 responses from a population of unknown size. Both samples are of a scale that provides reliable insight into the make-up of the regulated community, especially when taken together with the other information that we gather through the Annual Regulatory Return.

Responses from Group B were only received from 103 of 225 firms regulated by the CLC. The Council of the CLC will be asked to consider whether firms should be required, rather than asked, to circulate it to all non-licensed staff.

The questions were broken down into the following groups:

- Job role, sector and regulated licensee status;
- Personal characteristics: age, sex, gender, sexual orientation;
- Disability status;
- Ethnicity & nationality;
- Religion;
- Caring responsibilities;
- Socio-economic measures: schooling, parental job role and qualifications

The responses therefore allow us to understand entry to and career progress through the regulated community by individuals with different characteristics and circumstances.

The full report has been published on the CLC's website: <https://www.clc-uk.org/wp-content/uploads/2019/05/CLC-Diversity-Monitoring-Research-IFF-Report-2019.pdf>. We plan to repeat the survey in 2021.

2. An understanding of the barriers to entry and progression within the regulated community, and a programme of activity to mitigate those barriers with measures in place to evaluate effectiveness

Following the 2019 diversity profiling survey, we are taking steps to explore the findings with people from across the regulated community.

In April 2020 we launched a call for evidence of the barriers that individuals have experienced themselves or have observed in the regulated community. This call for evidence is not yet time limited, because of the current unusual circumstances, and we intend to remind people of the opportunity to participate at regular intervals.

So far, some 133 respondents have taken part, providing some useful evidence of the actual barriers to entry and progression. These will help us to identify mitigating steps that are needed and inform the review of our Diversity and Inclusion Code planned for later this year.

3. Measures in place to understand any differential impact on protected characteristics within their disciplinary/enforcement procedures

In February 2020 we began to review the profile of managers of those firms which had featured on our regulatory watchlist in the past two years and those that had gone on to face some sort of regulatory action (disciplinary action and/or intervention into the firm). The intention is to understand whether there might be any differential impact on particular groups and, if so, why that might arise and steps that can be taken to address it. The Senior Management Team will examine the findings of that review over the summer.

LSB Expectations for CLC for 2019

Summary of LSB expectations for CLC for 2019
Outcome 1: <ul style="list-style-type: none">• CLC to provide evidence that it has considered the reasons for the decrease in responses in 2016 relative to 2013.• CLC to consider whether data collected through regulatory and operational processes can supplement the diversity data until the next full diversity survey in 2019.• CLC to improve its data collection to ensure it understands the diversity profile of the whole of its regulated community.• CLC to update LSB on response rates to the next diversity survey in 2019.
Outcome 2: <ul style="list-style-type: none">• CLC to update LSB on improvements on its data collection (as above) so that it has the relevant data to inform policy development.
Outcome 3: <ul style="list-style-type: none">• CLC to inform LSB of results of collaborative pilot this year with Business in the Community.• CLC to share the findings with the other regulators.
Outcome 4: <ul style="list-style-type: none">• CLC to explain how it will account to stakeholders for its plans to implement the findings of its diversity and inclusion research and Annual report 2017.

Outcome 1

The issues raised by the LSB in this section arise from an observation made by the CLC in 2016. The response rate to that year’s diversity profiling survey was lower than had been achieved in 2013. The CLC has looked into the drivers of that change. In 2013, the CLC operated a centralised data collection approach that provided each firm with its own survey to provide to employees. This achieved a good response rate. For the next profiling survey, the LSB asked that we take a different approach that would encourage firms to be more proactive themselves. This was enacted through the CLC’s Annual Regulatory Return 2016 with the result that, with less support and intervention from the CLC, response rates fell. It would be helpful if LSB could indicate whether it would support a return to our earlier approach, which secured higher response rates.

In the 2018 Annual Regulatory Return we found that only a little over half of firms monitor the diversity characteristics of their workforce and of those that do, 84% said that they took no formal measures to promote equality in their firms. We were also able to see that the issues around career progression for women and BAME lawyers and support staff persisted.

Outcome 2

The CLC's understanding of the diversity profile of the regulated community was confirmed by the findings of the 2019 survey, as is set out above. The CLC kept LSB closely informed of the preparations for that survey and the findings.

We are now engaged in a significant evidence-gathering exercise looking at obstacles to career progression for all groups in the regulated community, with a particular emphasis on women and BAME lawyers and support staff.

The Council of the CLC will use that evidence to inform its review of the regulatory Diversity and Inclusion policy during 2020. The Council will also be asked to consider whether to introduce a new mandatory requirement of firms to record and report the diversity profile of their staff.

Outcome 3

The CLC informed the LSB directly and other regulators through the Regulators Forum during 2019 of the outcome of the 2018 pilot working with Business in the Community. We will not repeat that here as it was provided confidentially.

Outcome 4

We have engaged the regulated community through all channels in relation to the findings of our diversity profiling exercises over the years. This has included plenary and breakout sessions at our annual conferences, sessions as part of roadshows, web content promoted by newsletters to all managers and regulated individuals as well as other stakeholders. Our work on Diversity and Inclusion is also reported in our Annual Reports.

Please do not hesitate to contact me with any questions you might have.

Kind regards

Stephen Ward
Director of Strategy and External Relations