

Equality, Diversity and Inclusion Annual Report 2022/23

20 December 2024

English <u>Cymraeg [https://rules.sra.org.uk/sra/research-publications/cydraddoldeb-amrywiaeth-chynhwysiant-22-23/]</u>

About our equality, diversity and inclusion work

Equality, diversity and inclusion (EDI) is important in everything we do and allows us to be an effective regulator of a diverse public and increasingly diverse profession.

As a public authority, we are covered by the public sector equality duty created by the <u>Equality Act 2010</u>

[https://www.legislation.gov.uk/ukpga/2010/15/contents] and must have due regard to the need to eliminate discrimination, harassment and victimisation. This means we must be proactive and make sure our policies and practices are fair and do not inadvertently discriminate against the protected groups.

In carrying out our regulatory function, we are also required to have regard to the regulatory objectives set out in the Legal Services Act 2007 [https://www.legislation.gov.uk/ukpga/2007/29/contents], in particular objective 6: 'to encourage an independent, strong, diverse and effective legal profession'. As a result, we encourage EDI by regulated firms and individuals under Principle 6 [https://rules.sra.org.uk/solicitors/guidance/sra-approach-equality-diversity-inclusion/">https://rules.sra.org.uk/solicitors/guidance/sra-approach-equality-diversity-inclusion/] and further resources

[https://rules.sra.org.uk/solicitors/resources/topic/equality-diversity/] to the profession to support this.

About this report

This report sets out the work we have carried out to promote EDI from November 2022 to October 2023, the final year of our Corporate Strategy 2020–2023. It is part of a suite of reports which cover our work for the 2022/23 year [https://rules.sra.org.uk/sra/research-publications/corporate-reports-2022-23/]. We identified five EDI themes running through the strategy, which are:

- developing our understanding of diversity in the profession
- fair access to the profession
- our enforcement work

- promoting diversity and inclusion in the profession
- using legal technology to promote access to justice and public legal education.

We have used these themes to report on the progress we have made in meeting the commitments made each year in our business plans. Our commitments in 2022/23 [https://rules.sra.org.uk/sra/corporate-strategy/business-plans/business-plan-2022-23/] were to:

- consider ways to improve our data to inform intersectional analysis and to enforce our requirements on firms, including reviewing the diversity data that we collect
- take forward initiatives designed to support retention and progression for underrepresented groups, with a particular focus on large law firms
- complete EDI research projects looking at the overrepresentation of Black, Asian and minority ethnic solicitors in our enforcement work, as well as the differential outcomes in professional assessments and reporting back outcomes and potential next steps
- promote rules and guidance to encourage fair treatment and high ethical standards across the legal market, including on professional health and wellbeing, sexual misconduct and other EDI expectations
- continue to monitor equality considerations within the Solicitors
 Qualifying Examination (SQE) results and to work with disability
 groups to deliver efficient and fair reasonable adjustment processes.

We report separately on the commitments we made about EDI in our workplace. Further reporting on this is due later in 2024, but recent reports include:

- <u>Workforce Progress Report 2022</u> [https://rules.sra.org.uk/sra/research-publications/annual-diversity-report-2022/]
- SRA Staff Diversity Monitoring Data 2022 [https://rules.sra.org.uk/sra/equality-diversity/diversity-sra/diversity-monitoring/]
- <u>Gender Pay Gap Report 2023 [https://rules.sra.org.uk/sra/research-publications/gender-pay-gap-report-2023/]</u>
- <u>Ethnicity Pay Gap Report 2023 [https://rules.sra.org.uk/sra/research-publications/ethnicity-pay-gap-report-2023/]</u>
- <u>SRA Workforce Senior Ethnicity Inclusion Action Plan</u> [https://rules.sra.org.uk/sra/research-publications/ethnicity-inclusion/].

Summary of key findings

• This year, we collected and published the latest <u>firm diversity data</u> [https://www.sra.org.uk/solicitors/resources/diversity-toolkit/law-firm-diversity-tool/] with more granular data on seniority in law firms, and for the first time provided an <u>overview of diversity in Welsh law firms</u> [https://rules.sra.org.uk/sra/equality-diversity/diversity-profession/diverse-legal-profession/breakdown-welsh-law-firms-workforce-diversity/]. We also updated the profile of diversity among the in-house population

[https://rules.sra.org.uk/sra/equality-diversity/diversity-profession/diversity-in-house/] and continue to work on improvements to the way we collect individual diversity data.

- We progressed our work to evaluate the SQE and monitor the results by diversity characteristics, publishing a range of information in our SQE annual reports. We also worked with Kaplan and others on improving the provision of reasonable adjustments for SQE candidates who need them.
- We made progress with our research into the differential outcomes for Black, Asian and minority ethnic individuals in legal professional assessments, publishing the literature review and completing the fieldwork for the second stage of the research, which we have since published.
- We made progress with the research into the overrepresentation of Black, Asian and minority ethnic solicitors in our enforcement processes, publishing the literature review and pressing ahead with the fieldwork for the second stage of the research, which we have since published.
- We introduced new requirements on law firms and solicitors to treat people fairly and published revised guidance setting out our expectations.
- We carried out a thematic review into the use of non-disclosure agreements (NDAs) often used in workplace disputes around sexual misconduct and discrimination and have since published an update to our warning notice on the use of NDAs.
- And, we promoted EDI in the profession through a range of events and speaking opportunities. These events help us promote the importance of EDI in the profession, share best practice, and through engagement identify areas and ideas for improvement.

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<u>Developing our understanding of diversity in the profession</u>

One of our key roles as a regulator is collecting diversity data, which underpins the understanding we have about diversity in the profession, informs our regulatory work and policy, and helps us evaluate progress on EDI.

This data is also there to help inform and support the profession on EDI. It helps highlight areas where there are gaps and areas for improvement in the profession, while our tools also help law firms benchmark themselves in this area against other similar firms.

Publishing diversity data about the profession

We collected diversity data from law firms over this period, publishing the updated <u>firm diversity data tool</u>

[https://www.sra.org.uk/solicitors/resources/diversity-toolkit/law-firm-diversity-tool/]_and our overview of key findings [https://rules.sra.org.uk/sra/equality-diversity/diversity-profession/diverse-legal-profession/]_in December 2023. We subsequently provided an overview of diversity in Welsh law firms [https://rules.sra.org.uk/sra/equality-diversity/diversity-profession/diverse-legal-profession/breakdown-welsh-law-firms-workforce-diversity/]_for the first time and updated the profile of diversity among the in-house population [https://rules.sra.org.uk/sra/equality-diversity/diversity-profession/diversity-in-house/]_. We were able to publish more granular data on seniority in law firms this year, collecting data for the first time about the diversity of equity partners.

Our power to impose a fixed financial penalty for firms who failed to send us their diversity data applied for the first time in 2023. This helped us achieve a high response rate, with 99% of firms providing their data following engagement activity lasting seven weeks. This is compared to 90% over 13 weeks when we collected in 2021. As we bring the enforcement activity to a close, we have reached almost 100% compliance, issuing nine fixed financial penalties at the time of publication.

Law firms also need to publish a summary of their workforce diversity data where they can. We reminded firms of this requirement leading up to the collection of firm diversity data in 2023. However, there was only a slight increase in the proportion of firms which confirmed to us they had published their data – up from 40% in 2021 to 42% in 2023.

We understand that many smaller firms will be unable to publish even a summary of their diversity data without disclosing the personal data of individuals working for them. But despite this, our initial desk-based compliance check suggests there is more we need to do to bring firms into compliance with this requirement. We are considering this and what further action we can take to increase the rate of publication ahead of the next collection exercise in 2025.

Improving the diversity data we hold on mySRA

We are planning further engagement with the profession to encourage more people to declare their data on mySRA, when we have completed work to update the IT supporting these questions (by spring 2025). We hope this will reverse the falling declaration rates on mySRA. For example, from October 2022 to October 2023 there was a decrease of 4 percentage points in declarations for sex (down to 84%), and 4 percentage points for ethnicity (down to 68%).

Fair access to the profession

The Solicitors Qualifying Examination (SQE) is central to our work to ensure fair access to the profession. One of its key objectives is to

contribute to a truly diverse profession by removing unjustifiable barriers to entry, so that talented people from all backgrounds have a fair opportunity to qualify. And we are seeking to enhance this objective by encouraging the use of apprenticeships and progressing our research to understand the factors which lead to differential outcomes in professional assessments for Black, Asian and minority ethnic solicitors relative to White candidates.

Providing reasonable adjustments for SQE candidates

Since holding the first round of assessments for the SQE in November 2021 (SQE1) and April 2022 (SQE2), we have worked with Kaplan, the assessment provider for the SQE, and others on improving the provision of reasonable adjustments for candidates who need them.

In our <u>annual report about the SQE 2022/23 [https://sqe.sra.org.uk/docs/default-source/pdfs/reports/sqe-annual-report-2022-23.pdf]</u>, we reported that around 7% of candidates had a reasonable adjustments plan for SQE1 assessments over this period and 8% for SQE2. There were no significant differences in pass rates between candidates who had a reasonable adjustment and candidates who did not, with the exception of the FLK2 (Functioning Legal Knowledge) assessment, part of SQE1, in January 2023. In that assessment, candidates who had a reasonable adjustment achieved a significantly higher pass rate than those who did not.

In response to candidate feedback, the range of assistive technology available for use as a reasonable adjustment has increased and improvements made in the information about how to apply for reasonable adjustments. The report of the <u>SQE's Independent Reviewer Inters://rules.sra.org.uk/sra/research-publications/sqe-independent-22-23/1</u>, while noting some individual cases where improvements could have been made, concluded: 'overall, the [reasonable adjustments] process appears to have worked well'.

Diversity monitoring data of candidate outcomes

SQE pass rates are published by diversity characteristics and an overview is provided in the <u>SQE annual report [https://sqe.sra.org.uk/examarrangements/sqe-reports/sqe-annual-report-2023]</u>. It shows there are differential outcomes for Black, Asian and minority ethnic candidates compared with White candidates. These patterns have been seen over many years in <u>earlier professional exams [https://rules.sra.org.uk/sra/research-publications/education-training-monitoring-2021-22/]</u> which prompted the diversity research referred to in the next section.

We worked over the year on longer-terms plans for presenting a wide range of SQE data, including a diversity breakdown by qualifying route and training provider, which we will do when we have sufficient data.

Understanding the differential outcomes in legal professional assessments

We commissioned research from the University of Exeter to understand the differential outcomes for Black, Asian and minority ethnic candidates. Over the period covered by this report, we completed the first stage of this research, publishing a https://rules.sra.org.uk/sra/research-publications/ethnicity-attainment-gap-legal-professional-assessments/]. This showed the reasons for this are wide and varied, with the key factors beyond the direct control of candidates themselves.

We completed the fieldwork for stage two, and have since worked with the University of Exeter to evaluate the findings and publish the <u>final report [https://rules.sra.org.uk/sra/research-publications/potential-causes-differential-outcomes-legal-professional-assessments/]</u>. We are currently bringing together education providers, law firms, and the wider legal sector to address the issues identified in the report where we can make a difference.

Evaluating the SQE and taking action to address differential outcomes

Assessing the EDI impacts and issues has been and will continue to be a key part of our evaluation programme for the SQE.

In their report on the SQE [https://rules.sra.org.uk/sra/research-publications/sqe-independent-22-23/] covering 2022/23, the Independent Reviewer of the SQE noted the differential outcomes seen in the SQE assessments but concluded: 'I continue to find no evidence of unfairness or bias in any process connected with generating the SQE outcomes' and was: 'reassured that this issue receives close attention and further reviews of data over time are planned... Interrogating these data, while continuing to seek independent external support from the University of Exeter, is critical to seeking answers as to why this differential exists, and more importantly, what can be done to close this achievement gap in the future'.

As part of the evaluation programme, we carried out and published the findings from a baseline survey on <u>initial perceptions and experiences</u> [https://rules.sra.org.uk/sra/research-publications/sqe-year-one/] of the SQE after year one. This highlighted areas for ongoing monitoring and action, including concerns around cost, building trust and confidence in the SQE and the availability of reasonable adjustments.

Our work in addressing longstanding issues like these differential outcomes (and the overrepresentation seen in our enforcement processes referenced below) was noted by the Legal Services Board (LSB) in its performance-assessment [https://legalservicesboard.org.uk/wp-content/uploads/2024/02/LSB-regulatory-performance-assessment-report-Feb-2024.pdf] of our work covering October 2022 to May 2023. The LSB recognised as

good practice, our: 'approach and the methods used on EDI where [the SRA] is striving to understand the reasons behind inequalities and then introduce ways to overcome them'.

We have a ten-year programme in place to evaluate whether the SQE and wider reforms are achieving the desired objectives over the long term. This will include assessing whether the changes have promoted a diverse profession by removing unjustifiable barriers to qualification.

Apprenticeships

We recognise the opportunity that apprenticeships offer to promote diversity in the profession. We worked with the Institute for Apprenticeships and Technical Education (IfATE) and the solicitor apprentices Trailblazer Group to update the Solicitor Apprenticeship Standard. This involved presentational changes to more clearly align the apprenticeship route with our requirements for apprentices to pass the SQE. Having consulted on this over the period covered by the report, we expect the updated standard to be published later in 2024, once it has been through the IfATE process.

Our enforcement work

We have continued to emphasise the importance of high ethical standards through guidance and new rules to promote fair treatment in the profession. And we have made progress with our work to understand the overrepresentation of Black, Asian and minority ethnic solicitors in our enforcement processes.

Setting expectations around ethical standards and workplace culture

We introduced new requirements, and updated our workplace-environment guidance [https://rules.sra.org.uk/solicitors/guidance/workplace-environment/], to set out our expectations of firms and regulated individuals to treat colleagues fairly and with respect. These new regulations were incorporated into the Codes of Conduct and require individuals not to bully, harass or discriminate unfairly against their colleagues and require firms to take steps to make sure their employees meet this standard. And we promoted this [https://www.youtube.com/watch? w=VVA9kkFi7a4&t=90s1 at a session in our Compliance Conference in 2023, which has been viewed more than 800 times.

Research into the overrepresentation of certain groups in our enforcement processes

We are publishing annual reports about the diversity profile of individuals within our enforcement work as part of our corporate reporting and the

<u>latest report [https://rules.sra.org.uk/sra/research-publications/professional-standards-diversity-monitoring-2022-23/]</u> confirms patterns seen in earlier years. There is continuing overrepresentation for men and solicitors from a Black, Asian and minority ethnic background in reports received and in those taken forward for investigation.

We commissioned research into the factors causing these patterns in relation to solicitors from Black, Asian and minority ethnic backgrounds, which was progressed over the year, with the literature review
[https://rules.sra.org.uk/sra/research-publications/over-rep-black-asian-minority-ethnic-solicitors-reports/] published in summer 2023. We continued to work on the other component parts of the research including a detailed review of our data, a consumer survey, interviews with the profession and a review of our assessment processes. The final research has since been published [https://publications.sra.org.uk/overrepresentation-of-black-asian-and-minority-ethnic-solicitors/].

It found a complex picture behind overrepresentation of Black, Asian and minority ethnic solicitors in the SRA's enforcement processes. It found that some factors intersect with ethnicity, including the size of the firm where the solicitor works and the firm's practice area. These affect but do not fully account for the overrepresentation seen, and the relationship between these factors is complex and difficult to unpick.

In their review of our assessment processes, the universities concluded that our approaches are, for the most part, as robust as they can be and are designed to ensure fairness and consistency in decision making.

We will be working with stakeholders in the profession and others to take forward to the actions identified in the report.

Quality assurance of our decision-making and learning from complaints

Our arms-length quality assurance team has conducted various activities focusing on measuring the success of a continuous improvement programme within our Investigation and Enforcement work. This includes end-to-end case reviews and involves an assessment of whether investigations demonstrate compliance with our EDI policies and guidance. This covers any health issues raised by parties involved in our investigations and consideration of reasonable adjustments where there is a disability, health problem or mental health issue. This is in line with our Reasonable Adjustments Policy.

We continue to monitor and learn from the complaints we receive (see our <u>Corporate Complaints report 2022/23</u>
[https://rules.sra.org.uk/globalassets/documents/sra/board-meetings/2024/july/sra-board-item-corporate-complaints.pdf?version=4a16b2]) and the insight provided by the Centre for Effective Dispute Resolution the Independent Reviewer of our complaints process (see the Independent Reviewer's annual report 2023



[https://rules.sra.org.uk/globalassets/documents/sra/board-meetings/2024/july/annex-1-sra-independent-reviewer-report-2023.pdf?version=4a13a7]).

As reported to our Board, over the period covered (2022/23), 44 of 55 complaints we received (across both stages 1 and 2) about discrimination were about race or disability (22 for each) with the remaining complaints covering other protected characteristics. We received a further 47 complaints about bias. The Independent Reviewer considered seven complaints about bias or discrimination over the year. Neither we nor the Independent Reviewer found evidence of any actual bias or discrimination in these cases.

However, we partially upheld four of the complaints about providing reasonable adjustments on the basis that we made errors in when or how we offered adjustments to our customers. And we partially upheld one complaint about bias, although we did not find actual bias, we understood why the complainant perceived we had been unfair, because we did not communicate the decision as clearly as we could have.

We have identified learning from these complaints and over the year we have updated our policy on reasonable adjustments and provided new guidance and training for our staff. We have also rolled out training to operational staff to emphasise the importance of rigorous evidence-based decision-making and good customer service to minimise perceptions of discrimination.

Responding to risks identified in the legal sector

We continue to gather information about risks in the sector and take appropriate action to address them. One example was the thematic review [https://rules.sra.org.uk/sra/research-publications/thematic-review-nda/] We carried out on the use of non-disclosure agreements [https://rules.sra.org.uk/sra/research-publications/thematic-review-nda/] (NDAs) in workplace disputes. NDAs are often used in workplace disputes around sexual misconduct and discrimination. In our review, we found that although around two-thirds of solicitors we spoke to were aware of our NDA warning notice [https://rules.sra.org.uk/solicitors/guidance/non-disclosure-agreements-ndas/], there were generally low levels of knowledge about its contents.

While we found no direct evidence of solicitors drafting NDAs with the deliberate intention of preventing reporting of inappropriate behaviour, we did find a number of common trends or practices which inadvertently might contribute to this happening. We have been promoting awareness of the warning notice over the year and have since published an update to reflect the findings from our thematic review.

Promoting diversity and inclusion in the profession

Our work over the past year includes:

- joining a discussion to promote diversity at the Sole Practitioners Group Top Table conference in November 2022
- setting up and hosting a forum for experts to identify and promote the use of assistive technologies for disabled people in professional assessments and in the workplace
- speaking about our expectations of law firms in creating a healthy workplace culture at Women in Law's conference in March 2023
- holding a webinar in April 2023 to raise awareness of the menopause, highlighting the differential experiences of women from a Black, Asian and minority ethnic background and how this can impact on retention and progression
- providing an overview of the SQE for members of the British Nigerian Law Forum and the British Ghanaian Lawyers Union in February 2023 and for the British Tamil Lawyers in June 2023
- walking with law firms and other partners to show our support for LGBTQ+ inclusion in Birmingham, London and Cardiff in the 2023 summer Pride season
- hosting less privileged school students from Birmingham for a day in July 2023 to build their skills and experience, targeted at those interested in a career in professional services during the Social Mobility Business Partnership's activities week
- contributing to the Black Solicitors Network's big conversation at a panel event to highlight the ongoing work to address racial equality in the legal sector in October 2023
- hosting an event during Black History Month with Birmingham Black Lawyers, celebrating the achievements of Black lawyers in the profession
- publishing updated guidance on <u>Your Health Your Career</u>
 [https://rules.sra.org.uk/solicitors/resources/all-other-topics/your-health-your-career/]
 providing support to lawyers throughout their career.

We have continued to work collaboratively with the Law Society on EDI, including:

- inviting a member of the Law Society's Women Solicitors Network to speak at our webinar on the menopause
- continuing our regular meetings about EDI in the SQE
- considering how we might get better information about diversity at senior levels in the solicitors' profession
- attending the Law Society's joint Large Firm and In-House Diversity and Inclusion Forum to discuss data collection and best practice on social mobility.

We have engaged with larger law firms who responded to our questionnaire about our firm diversity data collection requirements and their work to address EDI. We are using these responses to inform our work and resources.

We sponsored and supported various groups and initiatives to promote diversity, including:

- Birmingham Black Lawyers
- Black Solicitors Network
- British Ghanaian Lawyers Union
- · Sikhs in Law
- · Society of Asian Lawyers
- British Nigerian Law Forum
- InterLaw Diversity Forum.

We raised awareness about our EDI work in Wales, sponsoring the Wales Legal Awards and the Cardiff and District Law Society EDI award.

Our work to promote LGBTQ+ inclusion in the profession and within our workplace was recognised, with the SRA ranked <u>11th in Stonewall's Top 100 employers [https://rules.sra.org.uk/sra/news/press/2024-press-releases/stonewall-top-100-2024/]</u>.

<u>Using legal technology to promote access to justice</u> <u>and public legal education</u>

We are continuing to promote access to justice through our Regulators Pioneer Fund project (RPF3) which seeks to promote online dispute resolution (ODR) methods as an alternative to litigation. The expected benefits of the project are anticipated to include a reduced burden on the courts, improved accessibility to dispute resolution for vulnerable individuals, consumers and micro/small businesses.

The first phase of the project highlighted gaps in the market, particularly for vulnerable individuals, consumers and small businesses as well as dissatisfaction with certain aspects of traditional litigation, mainly due to time delays, costs and stress. This is driving interest in ODR, which presents opportunities to enhance access to justice by making dispute resolution faster, easier to access, less onerous and more affordable. However, there are risks, including potential exclusion of vulnerable individuals, poorly designed/understood tools, and possible biases in Aldriven systems. And key barriers were identified, including cost, resistance to change, digital literacy, access to high-speed internet and ethical concerns about artificial intelligence.

The next phase of the project will focus on raising awareness about existing ODR tools and addressing barriers to their use. And encouraging tools which are affordable, accessible, and capable of overcoming language and digital barriers.

Looking forward

We have continued to make sure that EDI is a clear priority in our strategic work and highlighted the EDI actions we will take during the life of our new Corporate Strategy 2023-26 [https://rules.sra.org.uk/sra/corporate-strategy/].

This includes the work we are doing to realise the diversity benefits of the SQE. The external organisation we have identified to undertake the first independent evaluation study of the SQE will be starting work shortly. The work will include a review of any equalities impacts that can be seen so far and the report will be published in 2025. We have finalised our work to deliver the entirety of the SQE in the Welsh language, so candidates can elect to be assessed in Welsh. And we will make data about candidate performance available to help aspiring solicitors make informed choices about how they prepare for the assessment.

Since publishing the research on the differential outcomes from aspiring solicitors in professional examinations, we have been discussing the findings with stakeholders from a range of sectors. We held a summit in October 2024, bringing together law firms, universities and training providers, representative groups and others to develop and progress plans of action to address the findings.

We have also published the research into the overrepresentation of Black, Asian and minority ethnic solicitors in our enforcement processes [https://publications.sra.org.uk/overrepresentation-of-black-asian-and-minority-ethnic-solicitors/] and will be working with stakeholders in the profession and others to take forward the actions identified in the report.

We are also taking forward a programme of work to improve progression for women and solicitors from Black, Asian and minority ethnic backgrounds, particularly in large firms, and to encourage firms to publish ethnicity pay gap reports.

We are continuing with our project to improve how we capture the diversity data we hold for individuals and, once complete, will launch a campaign to encourage higher rates of declaration. Improved diversity data will help support our work to establish a framework to evaluate our progress around EDI. This project has been moved forward to 2024/25, so we can take account of the LSB's proposed policy proposals in this area. This rescheduling of our EDI evaluation work is set out in the review of our work programme for 2023/24

[https://rules.sra.org.uk/globalassets/documents/sra/consultations/2023/workstream-re-prioritisation.pdf?version=49c1d9], where we have also confirmed our decision to refocus our approach to ESG (environment, social and governance).