



**PROFESSIONAL
STANDARDS
DEPARTMENT**



ICAEW RESPONSE

REF: PSD2026/001

LSB consultation on policy statement on encouraging a diverse legal profession

26 FEBRUARY 2026

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EXECUTIVE SUMMARY

Introduction

1. ICAEW welcomes the opportunity to respond to the Legal Services Board's (LSB) [consultation on its proposed statement of policy on encouraging a diverse legal profession](#).
2. This response reflects the views of ICAEW as an Approved Regulator and Licensing Authority for probate and the administration of oaths under the Legal Services Act 2007 (The Act).
3. ICAEW's regulatory role as an improvement regulator is to act in the public interest and strengthen consumer confidence and trust in the profession by striving to ensure ICAEW Chartered Accountants and ICAEW supervised/regulated firms, insolvency practitioners and regulated and affiliated individuals conduct themselves with integrity and undertake work correctly. This work is carried out by the Professional Standards Department (PSD). We do this by enabling, evaluating, and enforcing the standards expected by the profession.
4. As an approved regulator and licensing authority for probate services and the administration of oaths, our activities in this area are guided by and support the Legal Services Board's strategic themes: fairer outcomes, stronger confidence and better services. From April 2026, the ICAEW Legal Services Committee assumes responsibility for the oversight of ICAEW's regulation of legal services.

Summary of our position

5. We welcome the LSB's proposed statement and its ambition to drive progress on equality, diversity, and inclusion (EDI) in legal services. We agree that EDI is fundamental to public trust and to a resilient profession, and we support a wide range of initiatives aimed at improving diversity. For example, ICAEW's <https://www.icaew.com/technical/trust-and-ethics/ethics/code-of-ethics> Code of Ethics (ICAEW Code) was strengthened in 2025, to include the explicit expectation that in their professional lives, all ICAEW members must treat others fairly, with respect and dignity, and must not bully, harass, victimise or unfairly discriminate against others. ICAEW was also recently included in the innovation category of [The Social Mobility List 2026](#) for our work championing the [Rise Initiative](#). This reflects our commitment to [diversity and inclusion](#) as key pillar of our strategy to widen professional access and opportunity.
6. Our response confirms our view that the proposed outcomes provide a helpful high-level framework for articulating shared aims across the sector. However, while the consultation states that the outcomes can be pursued flexibly according to risk and regulatory context, in practice this flexibility is restricted by the prescriptive and mandatory nature of the core expectations. Furthermore, we are concerned that these expectations do not sufficiently account for differences in regulatory remit. It would be more effective if the expectations were clearly positioned as being flexible so that regulators could take the right approach for their regulated populations.
7. We also note that certain expectations extend beyond the stated focus of the policy by overlapping with existing policy statements on areas such as ongoing competence and

professional ethics which risks duplication and inconsistency. Other expectations extend into internal management at firms, even into human resources (HR) policies which we consider goes beyond promoting the regulatory objective and is far too intrusive. Indeed, as the LSB knows, our regulatory work is overseen by a number of other oversight regulators who are equally focused on EDI and their requirements are far less onerous and intrusive than many of the measures being suggested in the consultation paper. We would suggest that the LSB might wish to discuss its ambitions and align its requirements with other professional services oversight regulators.

8. Therefore, our concern is primarily about whether the individual core and enhanced expectations are appropriate for all regulators. Under section 28 of the Act, approved regulators are responsible for determining how to pursue the regulatory objectives. We consider that this discretion is important to enable a proportionate, risk-based approach to encouraging a diverse and effective legal profession, tailored to our regulated population. While we note the reference to taking alternative steps in the consultation annex, we consider that detailed expectations which 'must' be met by all regulators, limit that flexibility in practice. They also create additional burden on ICAEW accredited legal services firms (accredited firms), which in light of other recent regulatory changes are having a cumulative impact.
9. Overall, we encourage the LSB to consider framing the expectations and detailed requirements as guidance or illustrative examples of good practice. This would support proportionate and targeted approaches, while still promoting consistency of outcomes. We remain committed to working constructively with the LSB and other regulators to support an equal, diverse and inclusive legal profession.

ICAEW's regulatory context and approach

10. It is in this context that we set out an outline of our regulatory model and approach. Primary responsibility for ICAEW's EDI activity sits with our representative functions, reflecting their remit for education, professional development and stewardship of the ICAEW Code. Many of the issues raised in this consultation are addressed through the ethical framework within the ICAEW Code and our strengthened [professional behaviour](#) obligations. These professional obligations apply to all ICAEW members, affiliates, relevant persons, and students, regardless of seniority. This includes all individuals accredited by ICAEW for legal services. The professional behaviour requirements in the ICAEW Code are reinforced by [NOCLAR](#) obligations (Non-Compliance with Laws and Regulations) and a [duty to report](#) misconduct under our [Disciplinary Bye Laws](#). The duty to report misconduct applies at both individual and firm level.
11. ICAEW's PSD encourages an independent, strong, diverse and effective legal profession by requiring accredited firms to collect and provide diversity data and reflect on the diversity profile of their firms. We consider that we have an effective evidence base to understand the diversity profile of our regulated population and this informs our regulatory approach. Our 2025 monitoring survey achieved a 96% response rate, with substantial participation from wider staff in firms far beyond our accredited legal services practitioners. The survey also includes more wide-ranging questions on maternity leave and extends beyond the nine protected characteristics to include neurodivergence. Overall, our data, benchmarked against previous years, other regulators' data and national statistics indicates a strong and improving picture. It shows that our regulated population is broadly representative against most external

benchmarks, and we are seeing an upward trend in many areas. We acknowledge that some gaps remain, but these are limited, and we are cognisant of the need to act proportionately given that our accredited firms are a small subset of ICAEW's membership base.

12. It is also important to distinguish between the ACA training pathway into the accountancy profession and our separate post-qualification route into legal services, as they operate at different career stages and sit under different governance arrangements. The ACA qualification is an entry route to accountancy for students and is delivered by our Education and Training department, which is the membership part of ICAEW. The ACA qualification includes apprenticeship routes to encourage [inclusive fair access](#). However, the ACA pathway sits outside the scope of PSD's regulatory remit. Our accredited probate and estate administration certificate is a post-qualification pathway. It is taken predominantly by qualified Chartered Accountants who wish to broaden or diversify their professional services to include reserved legal activities. Therefore, we encourage a diverse profession through an accessible training pathway that focuses on enabling accountancy professionals to extend their scope of practice.
13. Furthermore, although PSD collects monitoring data from its accredited legal services firms, ICAEW as a membership body has not historically collected diversity data for its existing Chartered Accountancy membership. The Education and Training department has recently introduced collection of diversity data from student members. This is a positive step forward as it will provide a more complete evidence base over time as new cohorts qualify and enter the profession. However, this data is not held for the majority of ICAEW members, including many of those who are working in firms accredited by us to provide legal services. Therefore, while ICAEW is strengthening its dataset, overall data coverage is incomplete.

QUESTIONS

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?

14. We broadly agree that the proposed outcomes could help to focus regulators' efforts to address barriers to encouraging a diverse legal profession. We note that regulators are expected to take account of their regulatory context to pursue the outcomes. We would also suggest that the LSB should also acknowledge that there may be limits to the areas that some regulators can reasonably influence, particularly unitary bodies where there are strict internal governance arrangements in place separating representative and regulatory functions.
15. We do not consider that additional or alternative outcomes are required. However, the effectiveness of the framework would be enhanced by ensuring the outcomes can be achieved flexibly and proportionately.

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

16. No, we do not agree that the proposed outcomes should be pursued through a set of specific expectations if they are framed as being mandatory. Given the differing scale, remit and nature of regulated populations of the legal service regulators, there should be sufficient flexibility in how the outcomes are achieved. The proposed core expectations are detailed and prescriptive. They are also accompanied by extensive footnotes which introduce further conditions or qualifications. This adds further complexity and may inadvertently encourage a disproportionate approach, rather than one that is targeted to the nature and extent of risks within a particular regulatory context.
17. A more outcomes-focused approach would enable regulators to use their judgment and implement the most appropriate initiatives for their regulated population. We suggest that framing the expectations as guiding actions would better support innovation and flexibility.

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?

18. The proposed structure of core and enhanced expectations effectively establishes in principle, a minimum and higher standard. However, it is important that the core and enhanced expectations are articulated in a way that allows for discretion based on the profile of a regulated population and whether a regulators' regulated population is already diverse compared to comparative census data. It will also be important that the final policy statement provides clear messaging that enhanced expectations are optional and context specific. They should be positioned as steps that could be taken in response to clearly identified risks or evidence of persistent barriers. We note that enhanced expectations may be implemented if there is deemed to be slow progress with the core expectations. However, slow progress meeting the expectations as currently set, could stem from wider factors outside a regulator's direct control.
19. Overall, repositioning more prescriptive and resource-intensive requirements as enhanced expectations or guidance generally throughout the framework would better support proportionality, avoid unintended regulatory burden, and allow regulators to determine where additional intervention is justified.

Outcome 1

Q2a. Do you agree with the proposed Outcome 1?

20. We support the principle that regulators should take strategic, evidence-based and collaborative action to encourage a diverse legal profession. We believe we have established appropriate, robust biennial diversity monitoring procedures. We regulate a relatively small population of just over 540 accredited legal services practitioners in 321 accredited firms. Within this context, our most recent 2025 survey received nearly 10,000 responses that significantly exceeded that number and achieved a response rate of 96 percent. This provides a reliable evidence base to inform our regulatory activity.

21. We agree that collaboration is important in achieving wider sector-wide objectives, particularly for smaller regulators. Through our participation in the EDI forum, we actively share learning, review our monitoring approach, and consider developments in data collection and analysis across the sector. Where appropriate and proportionate, this collaborative engagement helps to inform continuous improvement while avoiding duplication of effort.

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?

22. We agree that expectation 29.I will help regulators to pursue Outcome 1 because we agree that having some data on the diversity profile of a regulated population is necessary to inform a regulator's work in addressing EDI barriers.

23. However, expectation 29.II, that further research is undertaken, could be disproportionate depending on the findings of data monitoring processes. For example, ICAEW's diversity monitoring data shows that our regulated population is diverse with a larger proportion of younger staff than other legal services regulators, and a greater proportion of female staff, and non-binary staff than the UK census as well as strong representation of ethnic minority groups relative to external benchmarks. Therefore, this data does not justify more substantial qualitative research and to do so would divert regulatory resources away from valuable activity such as proactive monitoring visits.

24. We note that the relevant footnote states that, where it is not feasible for regulators to undertake their own qualitative research, they should consult data and evidence from other sources. We agree that relying on broader sector studies would be more efficient and proportionate. This should also apply where further research is not proportionate or justified by the evidence. Where appropriate, regulators should be able to rely on robust quantitative monitoring data without needing to commission additional bespoke research.

25. While we can see the merit in regulators producing a strategic action plan, the content of that plan should be left to the discretion of each regulator rather than it being mandatory for the plan to cover all areas listed in expectation 29.III. This will allow regulators to be proportionate in their approaches based on their regulatory remit and what their data is already telling them about diversity within their regulated population.

26. In respect of 29.IV, while we agree that collaboration between regulators can support shared learning where applicable, we do not consider that harmonising data collection is always appropriate. Data collection needs to reflect the risks of each regulator's population to ensure it is meaningful and capable of generating reliable insights. We work with other legal regulators through the Regulators' EDI Forum to enhance our understanding of diversity issues and to review monitoring question sets. This collaboration has positively informed the development of our own monitoring, for example by broadening our survey to include questions on neurodivergence. We have also independently diverged with more in-depth questions on experiences relating to maternity leave. Therefore, our existing practice of collaborating in the EDI forum is an effective learning-based approach that supports the development of diversity initiatives and enhances good practice.

27. Therefore, we suggest that clearer emphasis on flexibility and proportionality is needed with the core expectations under Outcome 1.

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?

28. We believe that the requirement to produce and publish a standalone strategic action plan should be an enhanced expectation if the plan has to contain all the elements outlined in expectation 29.III. The relevance and value of a formal strategic plan will vary depending on the size of the regulated population, the level and nature of identified risk, and the strength of existing monitoring arrangements. We note that the minimum content requirements set out for the plan are highly prescriptive and it would be better if these were suggested areas to consider rather than mandatory content if it remains as a core expectation.

Outcome 2

Q3a. Do you agree with the proposed Outcome 2?

29. We agree with the proposed outcome that regulators should take effective steps to ensure regulatory approaches and decision-making support equality and fairness and not undermine efforts to encourage a diverse profession. Our regulatory approaches, processes and decision-making support equality and fairness. We also conduct equality impact assessments for all significant policy changes through consultations with stakeholders, ensuring that the potential effects on protected and other diversity characteristics are considered from the outset. Our [Regulation and Conduct 2030 Strategy](#) also confirms our commitment to monitor regulatory and disciplinary outcomes to assess fairness and consistency and take any action necessary to improve them.

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?

30. The proposed expectations could support regulators in pursuing Outcome 2 where they are applied in a way that is targeted, proportionate and responsive to regulatory context and risk, in line with Section 28 (3) of the Act. For example, in respect of expectation 31.I and 31.III b and c, there is a requirement that EDI data is collected and analysed, both in advance of policy changes, and as an individual passes through the disciplinary and enforcement processes. As we have explained above in paragraph 13, ICAEW does not collect EDI data on members (other than student members).

31. Similarly, the ICAEW Regulatory Board / ICAEW PSD is not able to mandate that individuals going through the disciplinary and enforcement process provide EDI data, and even if they did, we do not have the EDI profile of the broader Chartered Accountancy profession with which to compare it. Historically, in a limited pilot project, the ICAEW Conduct Department asked individuals who are the subject of a complaint to provide EDI data when they enter the disciplinary process, but most declined to provide it. The low response rates have not enabled meaningful analysis of the EDI profile of members who are subject to disciplinary action.

32. We support the inclusion of expectations 31.II and 31.III (a) and (d) and agree that they are expectations that would support regulators in meeting Outcome 2. We provide equality impact assessments during policy development and ask stakeholders to raise any concerns about a

disproportionate impact on any particular groups. Our Regulatory and Conduct Appointments Committee (RACAC) is also charged with ensuring through its appointment processes that there is gender and ethnic diversity on all of our decision-making committees which are representative of the profession they are asked to judge. We proactively take steps to support fair disciplinary and enforcement processes, including training all disciplinary panel members to make well informed, balanced and evidence-based decisions, as well as training on unconscious bias. We also publish clear guidance and information about our independent [disciplinary and regulatory committees](#) for firms and complainants.

33. In terms of wellbeing support, we provide transparent information to individuals under investigation about what to expect [during an investigation](#) and our [support members scheme](#) provides help with responses to investigations, understanding the process and moral support. We also provide guidance and support for [witnesses](#). Any complainants or individuals under investigation who are ICAEW members are also offered confidential support through the [Chartered Accountants Benevolent Association](#) our independent charity.
34. We do not consider that additional expectations are necessary in addition to those already set out in the draft policy statement.

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

35. No.

Outcome 3

Q4a. Do you agree with the proposed Outcome 3?

36. We recognise the importance of supporting fair and accessible routes into, within and back into the profession and we agree, in principle, that regulators should be mindful of unintended barriers that may affect entry. However, we do not agree with all aspects of proposed Outcome 3 because it does not fully reflect our training pathway and regulatory responsibilities. Also, matters such as recruitment, promotion and career progression within accredited firms sit primarily with employers rather than regulators and are therefore outside our direct remit.
37. In our work as a probate regulator, we pursue this outcome by maintaining accessible and flexible qualification and accreditation pathways that recognise prior professional learning and experience, reduce unnecessary duplication, and support individuals to enter, progress within, or return to practice. We do this by offering an accessible non-traditional route to a legal qualification for accountants who are ICAEW members or members of other professional bodies. We also recognise other relevant qualifications and offer simplified qualification routes to accreditation for [STEP members](#) and other qualified professionals. Our training pathway, delivered by an [external](#) provider, is designed to be accessible, flexible, and compatible with employment, reducing financial and structural barriers to entry. It consists of a short course, which is accessed virtually, followed by an examination leading to qualification. The accessibility of our course provider is assured and [monitored](#) by PSD. We also provide a free accessible online training course to enable accredited practitioners to competently conduct the administration of oaths.

38. By recognising existing qualifications and offering streamlined routes to legal accreditation, our pathway provides flexibility that helps to widen access. However, as this is a discrete, additional qualification undertaken by individuals who are already in a profession, the concept of returning into the profession is less directly applicable. Additionally, we have a limited control over internal promotion and career progression within accredited firms. Therefore, as currently framed, Outcome 3, does not fully align with our regulatory model or responsibilities. We nevertheless support its underlying intent and aspiration, provided it is refined and applied proportionately to reflect differences in regulators' roles, particularly in relation to movement within and re-entry to the profession.

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?

39. While we recognise the intent of Outcome 3, we do not believe that the proposed expectations, as currently drafted, are the right ones for all regulators. Many appear designed for regulators with large-scale, multi-provider education and training pathways and do not sufficiently reflect differences in regulatory context, scale, or the size and nature of regulated populations.
40. For example, expectations 32. I and 32 II, relating to setting and monitoring specific standards for training providers are not suited to our training model. We work with a single external provider that delivers a short, technical course to a relatively small cohort of candidates each year (76 in 2024). The course is delivered flexibly online, and the provider makes appropriate reasonable adjustments to support accessibility. Given this scale and structure, a formalised provider standards framework of the type envisaged for larger regulators would not be proportionate. Instead, we achieve the intended outcome through periodic reviews and ongoing engagement with the provider to monitor accessibility, quality and candidate experience, which we consider to be a targeted and effective approach.
41. Expectation 32.III, which requires publication of detailed provider and exam outcomes and costs, is also not sufficiently flexible or proportionate for our model. Our candidate population is small and they already have access to the relevant course information from the training [provider](#) and fees are subject to change. While we note that regulators are able to justify any deviations from the expectations, the current framing does not adequately recognise the need for proportionate, context-specific approaches in specialist regulatory models like ours.
42. We also do not consider that the enhanced expectations are generally applicable to our training pathway. We do not require our training provider to collect or supply diversity statistics on candidates. We also question the proportionality of publishing exam outcomes disaggregated by diversity statistics, given the very small population and the risk of identifying individuals with minority characteristics. We consider that our biennial diversity monitoring provides sufficient data about the diversity profile of our regulated community in terms of social mobility. Additionally, encouraging firm work placements under 33 (III) does not apply in our regulatory context as those undertaking the course are usually already in employment or self-employed Chartered Accountants.
43. We do not consider that any further expectations are necessary.

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?

44. We consider that our existing legal qualification pathway supports the underlying aims of Outcome 3, but the core expectations are not all applicable to our regulatory model and responsibilities. We suggest that most of the core expectations would be more appropriately categorised as enhanced expectations and/or as guidance, given their variable relevance across regulatory contexts. This includes expectations relating to the setting of specific EDI standards for training providers, the collection and publication of diversity data on candidates, and the publication of disaggregated examination outcomes, which would be more proportionate as enhanced expectations. These measures may be appropriate where regulators oversee large-scale, multi-provider education and training pathways, but they have limited applicability in the context of ICAEW's accreditation pathway.

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)?

45. We do not consider that additional expectations specifically addressing movement or re-entry to the profession are necessary or proportionate. To the extent that movement within the profession refers to recruitment, promotion or internal career progression, we consider these are employment and workforce management issues that sit within the remit of accredited firms rather than with ICAEW. Introducing new regulatory expectations in this area would risk extending beyond our statutory remit.

46. Furthermore, our legal qualification is an additional, discrete accreditation for individuals who are already qualified accountants rather than being a primary route into a profession. Where individuals take extended leave for health, caring or other reasons, they remain members and can return to practice through existing CPD and competence arrangements. In this context, further expectations targeted at movement or re-entry would be unlikely to address a material risk. Accordingly, we consider that this area is better addressed only where clearly relevant.

Outcome 4

Q5a. Do you agree with the proposed Outcome 4?

47. We support the emphasis within Outcome 4 on professional conduct, dignity and respect. ICAEW is committed to promoting respect and fairness across our regulated community, and to support authorised persons to uphold professional behaviour that encourages a diverse legal profession. This is supported by robust disciplinary procedures and reporting processes which are designed to address breaches promptly and transparently. Our [CPD Regulations](#) also support this outcome as all ICAEW members are required to complete mandatory ethics CPD each year.

48. However, we note that the proposed outcome extends beyond professional conduct into competence requirements, which are already addressed through the LSB's separate policy statement on ongoing competence. In our view, this creates overlap between policy

frameworks and risks blurring regulatory expectations, particularly where competence expectations are framed in prescriptive terms. A clearer delineation between conduct-focused outcomes and competence-related requirements would support implementation. In this context, we consider that Outcome 4 is appropriate at a high level but should avoid duplicating competence requirements.

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?

49. We do not wholly agree that the proposed expectations will help regulators to pursue Outcome 4 for the following reasons:
50. Our strengthened ICAEW Code makes explicit the expectation articulated under expectation 34. I, that all members treat others fairly, with respect and dignity, and do not bully, harass, victimise, or unfairly discriminate against others. However, it is not clear what is meant in practice by the expectation to “monitor” conduct of authorised persons beyond our existing disciplinary and enforcement processes which address instances of poor conduct. In our view, it would be impractical for there to be an expectation that regulators monitor the conduct of an entire regulated population.
51. We also have concerns in respect of expectations 34. II and 34.VI. While we recognise the role that management plays in shaping professional culture, we are concerned about the proportionality and practicality of imposing separate standards for managers in accredited firms. ICAEW’s professional behaviour requirements in the Code of Ethics apply equally to all ICAEW members, affiliates, relevant persons and students, including those in managerial and leadership roles. The [duty to report](#) misconduct under our Disciplinary Bye Laws also applies at both individual and firm level, capturing managerial responsibility, oversight and accountability. In the absence of evidence of a heightened risk or poorer outcomes, introducing separate EDI obligations just for managers in accredited firms would not be justifiable. It also risks duplicating existing obligations and overlapping with employment law. We consider that guidance and good practice, rather than enhanced regulatory standards, is the most appropriate tool in this area.
52. In respect of expectation 34.III, we agree that practical guidance and clear reporting channels are important tools in supporting authorised persons to understand and uphold professional standards. We publish guidance on [professional and personal conduct](#) which explicitly discusses members’ duty to report behaviour that breaches this requirement (among other things). Case studies based on real life disciplinary cases also illustrate the types of unprofessional behaviour of potential disciplinary interest to ICAEW. However, we do not consider it the role of regulators to oversee firms’ internal working environments, HR practices, or organisational policies. While regulators can appropriately encourage and signpost good practice, actively supporting accredited firms to deliver commitments to workplace culture or inclusion initiatives falls outside our regulatory objectives.
53. In respect of expectation 34.IV, in addition to the duty to report, the ICAEW Code includes detailed provisions on internal whistle blowing and speaking up. These apply where an individual witnesses [non-compliance with laws and regulations](#), ‘NOCLAR,’ committed by an

employer or client. We support members by providing a [technical and ethical helpline](#), guidance and an online [form](#) to submit complaints and reports.

54. In relation to 34.V, we consider that any expectations in relation to competence should form part of the ongoing competence policy statement rather than expand the scope of the EDI policy statement. It is duplicative to have competence requirements in multiple policy statements when each statement has a cumulative effect on expectations for regulators and requirements for accredited firms. ICAEW members are already subject to ongoing competence and ethical obligations which support ethical judgement, inclusive behaviour, professional competence, and awareness of bias. However, our additional legal qualification for probate and administration of oaths is a technical qualification focused on legal and procedural compliance and competence. It does not include EDI modules, reflecting the nature of the training. In the absence of evidence of specific risks or adverse outcomes in these firms, introducing additional competence requirements in relation to inclusive environments or behavioural misconduct would not be proportionate.
55. In relation to expectations 34.VII and 34.VIII, we support the principle that firms should understand their workforce profile, as well as wellbeing and professional conduct challenges. ICAEW-accredited firms currently demonstrate their understanding of the diversity profile of their firms by publishing a summary of their biennial diversity monitoring results on their websites. We encourage firms to reflect on this data and respond to relevant challenges. However, we are not persuaded that it is necessary or proportionate to require accredited firms to demonstrate understanding of disparities or to evidence remedial actions, or for regulators to oversee workplace inclusion policies within firms. These are the responsibilities of individual firms, and it would constitute regulatory overreach for regulators to get involved in HR matters. We are also not clear how this would be monitored and enforced, given our limited remit over employment matters and HR policies. We are also concerned that any requirement for us to become more intrusive may lead to some accredited firms deciding to withdraw from providing these regulated services due to a (reasonable) concern about regulatory over-reach, particularly where firms do not generate significant income. This will be contrary to the aims of the Competition and Markets Authority in wanting to encourage competition in the provision of legal services.
56. In relation to the enhanced expectations, we note that encouraging inclusive leadership, embedding wellbeing and inclusion in organisational culture, implementing strategic EDI plans, and exploring positive action are exclusively matters for firms and are governed by employment law or internal management arrangements. Their relevance and applicability will also vary depending on the size of the firm. Again, we believe it would be regulatory overreach for regulators to mandate how a firm manages, trains and rewards its staff. We are also not clear how regulators could effectively monitor or enforce these expectations without extending beyond their regulatory remit.
57. Overall, while these expectations may be suitable where there is evidence of heightened risk or systemic issues, they are not necessarily appropriate across all regulatory contexts. On this basis we consider they need to be reconsidered as core expectations and/or reframed as guidance.

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?

58. We consider that the separate manager standards should be in the enhanced category as they may be applicable on a risk basis depending on available evidence.

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

59. Clear milestones are helpful in supporting planning and prioritisation. However, achieving them will need sustained commitment and engagement. In our view, the proposed timescales for the short and medium-term outcomes may not allow sufficient time for consultation, collaboration and effective implementation, particularly where changes to regulatory standards are required. There are also inherent limits to what regulatory intervention alone can achieve in addressing wider societal barriers to diversity, and meaningful, embedded change takes time. Implementation at firm level will also vary depending on firm size and available resources. Against this backdrop, the overall ambition of the policy will be challenging to achieve within the proposed timeframe.

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

60. Yes, please see our response above. Potential challenges for smaller regulators include limited resources which could affect the pace at which new initiatives are developed. There are also practical constraints influencing behaviours and driving wider cultural change with a regulated population that forms a small subset of a much larger profession. In these circumstances, progress towards milestones may be more incremental and will be dependent on collaboration with representative functions.

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)?

61. Please see our response above with regards to reframing the expectations as guiding actions and examples of good practice. We also welcome support from the LSB in developing opportunities for collaboration across the sector, for example with recent topical presentations in EDI forums.

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?

62. No.

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?

63. No.

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

64. No further comments.

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

65. While we recognise that there could be some potential benefits of the draft policy statement, we have concerns that the likely costs of implementation, and ongoing compliance costs, are likely to outweigh the anticipated benefits if the policy statement is introduced in its current form.

66. Costs of implementation and ongoing compliance will arise for both regulators and ICAEW accredited firms, many of whom are small practices or sole practitioners. These smaller firms usually do not have compliance teams or HR departments, so the burden of additional regulatory requirements falls on the practitioners themselves. Therefore, any additional EDI data collection, reporting, managerial requirements and monitoring on top of other recent regulatory requirements risk creating cumulative and disproportionate burdens that can become unmanageable for practices. We consider that a more flexible approach, supported by guidance, would better enable proportionate, risk-based regulation while still delivering the intended benefits.

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?

67. No further comments.

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.

68. No.

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

69. No further comments.