

## The Patent Regulation Board and the Trade Mark Regulation Board

### Application for Approval of Practice Fees for 2015

#### Summary - Level of Practice Fees for 2015

This application is for **approval to increase the practice fees by 10%** for individual registrants (with the exception of the category for Attorneys who are retired or inactive) and also for firms.

This represents the first increase in fees since 2011. It is worth pointing out that an aggregated year-on-year cost of living increase from 2011 would also have also resulted in fees which are 10% higher than the 2011 level.

#### 1. Developing the Application/Setting the Budget

- The 2014 fees matrix as submitted to the LSB for approval at the end of 2013 is again attached (**Annex 1**) with the proposed 2015 figures in **green**.
- The practice fees had been maintained at the same level since 2011.
- The proposed increase to practice fees (with the exception of registrants who are retired or inactive) is 10%.
- IPReg undertook an exercise comparing year-on-year cost of living increases from data drawn from independent websites which resulted in an increase of 10% from the 2011 level.
- The Board has determined that 10% is a necessary and appropriate increase to the profession in order to manage the increased budget.
- In June the IPReg Governance Committee undertook a review of the IPReg Business Plan for 2015 and the consequential budget. At the 3<sup>rd</sup> July IPReg Board meeting the 2015 Business Plan and Budget, as developed and recommended by the Governance Committee, were approved by the full board subject to consultation.

- Three specific items have materially increased the budget for 2015:
  - **Increase in staff costs.** This is largely the increases awarded to the remuneration of the Chief Executive, the Chief Finance Officer and the Chairman. This recognizes the additional responsibilities now undertaken and also brings these in line with other regulators and the market place (in respect of which due diligence was undertaken). Also included in this category is the cost of employing new staff which was partly addressed in the 2014 budget. The appointment of the second officer has been deferred to 2015.
  - **£10,000 Increase in rent (and, to a lesser extent, associated rates and service charge).**
  - **The requirement to purchase a Compensation (Insolvency) Bond** as a statutory requirement of the ABS Licensing.
- The IPReg Board has determined not to manage a deficit budget even though there are significant ring-fenced reserves built up from operating surpluses and did not wish to utilize the relatively small operational surpluses to meet the deficit or part of it.
- The Board considered, but rejected, re-introducing a “one off” levy for 2015 but the costs referred to above are not “one off” costs and will impact annually going forward.
- However, the IPReg Board determination (as reported in the 2014 application) to utilize the unspent £50,000 Planned Office Restructuring Reserve is still unchanged. This will be utilized against ABS Licensing costs e.g. The First Tier Tribunal set up costs (£40,000) and additional (s69 related) Counsel Fees.
- By way of background, a copy of the 2014 Budget v Expenditure spreadsheet as at end September 2014 (**Annex 2**) and the Balance Sheet at the same date (**Annex 3**) are both attached.
- The draft plan and budget (plus details of Reserves held) were communicated to both CIPA and ITMA at the Approved Regulators Forum Meeting on 23<sup>rd</sup> July.
- On 31<sup>st</sup> July, the CEOs of both CIPA and ITMA were given 24 hours’ notice of the consultation. On 1<sup>st</sup> August, an email titled “IPReg 2015 Business Plan, Budget and Practice Fees” was sent to all registrants directing them to the “Consultations” section on the IPReg website.

- The covering e mail expressly drew attention to the proposed increase thus:
 

*“explaining our proposal regarding an increase in the practice fees”*
- The Consultation included a letter from the Chairman drawing attention to the factors leading to the increased budget in particular the increase in the Chief Executive’s remuneration. The letter also explained the proposed increase of 10% being in line with a year-on-year cost of living increase (**Annex 4**).
- Here is the link:
 

<http://ipreg.org.uk/public/about-us/consultations/2014-business-plan-and-budget/>
- IPReg received only 4 responses:
  - One from a retired Board member of IPReg (in support),
  - Two from registrants; one raising the absence in the budget of ongoing investment in the website (in fact covered by a specific reserve disclosed in the Reserves Report) and the second on addressing the profession as “Colleagues”
  - From CIPA (but not ITMA) again querying the salary increases which had previously been discussed at the Approved Regulators Forum.
- The comments were reviewed at the Board meeting on 2<sup>nd</sup> October and they determined no adjustment was necessary to either the Business Plan or the Budget.
- The 2015 Business Plan is annexed (**Annex 5**).
- The 2015 Budget is annexed (**Annex 6**) *showing an increased budget figure of £687,520 (from £591,700)*. It should be noted that the budget communicated to the registrants showed income to July 2014 of £620,000 but this annexure shows income to end September of £632,206.
- Consequently, whilst the 2015 consultation Budget shows a deficit of c£67K against an income figure of £620,000 at July, this is not regarded as an issue as the proposed 10% increase will cover the shortfall (and, indeed, the shortfall is likely to be smaller given actual income).
- (by way of background) the total income figure for 2013 can be verified by reference to the IPReg audited accounts (*see point 4*).
- In January 2014 we posted the 2014 Budget on the website (**Annex 7**) and a 2015 version will be posted at the start of 2015.

- In relation to contingencies :
  - Each year IPReg provides for a small operational contingency. This has not been called on in the 4 years of operation to date.
  - IPReg has provided for the cost of major projects over two budgets. Provision for a new website was made over 2011/2012 and, in fact the unspent amount of £16K has been carried forward to 2014.
  - In 2010 IPReg determined that over a period of four years it would build a general contingency of £100,000 against wind up and significant unexpected costs. Following the Board's decision earlier this year to increase the contingency to reflect additional office and staff costs, IPReg now has £175,000 invested.

## 2. Permitted Purposes - Allocation of Income

In 2014 all income has been applied and in 2015 all income will be applied solely for the permitted purposes. The budgets/comparisons, which are provided evidence that the expenditure principally comprises:

- the levy to the LSB and for LeO.
- the salaries of the now four (to be five in 2015) part time members of staff
- the remuneration and expenses of the Chairman and Board members.
- accommodation and other office costs.
- provision for education and research projects. The research into unregulated IP service providers is now being carried forward to 2015 in partnership with the IPO.

One lay board member retired in March 2014 and two will retire in March 2015. The Chairman will retire in 2016 and there is a provision of £10,000 in the 2015 budget together with bought forward reserves of £23K to meet this recruitment.

The 2015 budget again contains a modest allocation for IPReg "events". This consists of presentations, principally by the Chairman, to registrants about IPReg and will also encompass the introduction of ABS next year.

IPReg has continued to provide for disciplinary costs at the same level as in 2014.

The 2014 budget (£591,700), the 2014 expenditure as at September and the proposed 2015 budget (£687,500) in pie chart form are attached (**Annex 8, 9 & 10**).

### 3. Regulatory Functions

#### Administration of the data for the Registers – Cessation of Shared Services

As advised in last year's application, the shared services ceased in 2014. This is the first year that IPReg, via "IPReg Pro" online accounts, have managed the collection of practice fees and the administration of the Registers. This has resulted in a significant cost saving (even with additional support) from the previous year when IPReg used CIPA and ITMA for the administration of the Registers and fee collection.

#### Sources of Income

All income is derived from the practice fees charged by IPReg to registered attorneys and entities. Since January 2010 IPReg has received no financial assistance from CIPA and ITMA. IPReg is financially independent.

### 4. Clarity and Transparency

In the spring this year, IPReg advised the registrants that its 2013 annual report was posted on the website

<http://ipreg.org.uk/public/about-us/annual-report/annual-report-2013/>

Links to our finance section on the website are noted within the report.

The IPReg audited financial statements for the year ended 31 December 2013 filed at Companies House confirms income and identifies separately the contingency sums held by IPReg. It should be noted that the income figure shown is total income including "ABS Levy" that had been applied to fees paid by firms in 2012 and 2013 only to fund the licensing application and associated work (**Annex 11**).

### 5. Regulatory and Diversity Impact Assessments

#### Fees Matrix

As described in the 2012 application, the fees matrix is structured to ensure that UK registered attorneys and attorneys who are solely European registered attorneys (operating in the UK) and other professionals (lawyers) regulated by us effectively pay the same practice fees to IPReg.

For example (shown overleaf):

UK RPA/RTA – individual fee of £187 plus the entity pays £61 for each UK attorney in its employ – total £248.

EPA/ETA – entity pays fees of £248 of each other lawyer in its employ.

### **Is there an adverse impact on particular sectors of the Community?**

IPReg's comments, made in its 2012 application, continue to apply. There are no new issues.

IPReg remains satisfied that the matrix is robust and currently fair and understood. As indicated, IPReg will (but in due course) undertake a separate consultation on a possible change of the practice fee matrix for entities to one based on turnover.

### **Special Bodies**

IPReg does not regulate any special bodies and has not, therefore, been required to consider any departure from the general practice fees rules for any one special body or groups of special bodies.

### **Regulatory Objectives and Better Regulatory Principles**

As stated above, in the 2013 Budget IPReg provided for the commissioning of research. This research will now straddle both this year and 2015.

This work is being undertaken jointly with the IPO.

## **6. Consultation with non-commercial bodies and the Consumer Panel**

IPReg has not consulted with non-commercial bodies. Intellectual Property legal services are specialist services and are not provided by non-commercial bodies such as Law Centres.

The work is primarily “business to business” with only a very small number of individual inventor-clients.

That having been said all the financial information is available on the IPReg website including its management accounts, annual budget and accounts and business plans. IPReg is entirely transparent regarding its finances and financial management.

IPReg is content for the Legal Services Board to consult with the Consumer Panel to the extent this is considered necessary or appropriate.

## **Conclusion**

We believe that the 2015 Business Plan can be implemented subject to (with the approval by the LSB) an increase of 10% on practice fees for registrants (with the exception of those who are retired or inactive) and firms.

Our submission to the LSB for approval of the 2015 fees structure reflects our continuing strategic view to maintain a “lean” approach to the provision of a well-focused regulatory capability.

We respectfully request approval of the above proposals.

**Karen Duxbury – Chief Finance Officer**

**Ann Wright – Chief Executive**

**15<sup>th</sup> October 2014**

## **Annexed Documents**

### **Developing the application/Setting the Budget**

- 1 2015 Fees Matrix
- 2 Budget v Expenditure (September 2014)
- 3 Balance Sheet (September 2014)
- 4 Letter from Chairman to Registrants (part of Consultation)
- 5 2015 Business Plan
- 6 2015 Budget
- 7 2014 Budget and Reserves at 1 January 2014

### **Permitted Purposes - Allocation of Income**

- 8 Pie chart showing allocation of the 2014 budget
- 9 Pie chart showing the allocation of the 2014 expenditure as at September
- 10 Pie chart showing the allocation of the proposed 2015 budget

### **Clarity and Transparency**

- 11 IPReg Financial Statements as at 31 December 2013



## IPReg Practice Fees 2015

Shown in green (increase of 10% except for Retired or Inactive Category)

2010 (black); 2011 (red) and 2012, 2013 and 2014 figures (blue) also shown for comparison

<u>Individual Fees</u>	Fee One Register	Fee Both Registers
<b>Attorneys who are retired or inactive</b>	£140 £140 £140 £125 (fee unchanged for 2015)	£225 £225 £225 £200 (fee unchanged for 2015)
<b>Attorneys who are employed solely in industry</b>	£154 £140 £140 £125	£248 £225 £225 £200
<b>All Other Attorneys</b>	£187 £170 £170 £150	£308 £280 £280 £250
<b>Sole Traders</b>	£308 £280 £280 £250	£440 £400 £400 £350
<b>Sole Trader Employing Others - Base</b>	£308 £280 £280 £250	£440 £400 £400 £350
<b>Attorneys/Professionals employed by sole traders</b>	£61 £55 £55 £50 for each employed registered Attorney, plus £248 £225 £225 £200 for each unregistered professional providing legal services	£61 £55 £55 £50 for each employed registered Attorney, plus £248 £225 £225 £200 for each unregistered professional providing legal services

<u>Entity Fees</u>	Fee One Register	Fee Both Registers
<b>Firms/Companies –Base</b>	£308 £280 £280 £250	
<b>Plus Attorneys/Professionals employed in entities</b>	£61 £55 £55 £50 for each employed registered Attorney, plus £248 £225 £225 £200 for each unregistered professional providing legal services	£61 £55 £55 £50 for each employed registered Attorney, plus £248 £225 £225 £200 for each unregistered professional providing legal services

## The Intellectual Property Regulation Board

### 2014 Budget v Actual to 30 September 2014

	<u>Available Reserves</u> £	<u>2014 Budget</u> £	<u>Actual 9 me 30-Sep-14</u> £      £	
<b>EXPENSES</b>				
<b>Staff Costs</b>				
CEO Salary		58,000	54,000	
Two Additional Officers		116,000	36,191	
CEO Employers NI Contribution		7,000	5,537	
Additional Officer NI Contribution		14,000	2,970	
IPReg Staff (Perm/Temp)		55,000	46,591	
IPReg Staff Employer's NI Contribution		4,700	5,321	
Chair		24,000	17,050	
Board Fees		40,000	30,736	
Board Expenses (incl Travel)		10,000	6,961	
Replacement of 4 Board Members	22,397	5,000	4,869	
<b>Legal Costs and Professional Services</b>				
Audit & Accountancy			4,365	
Board Training (Judicial Review)			2,400	
Counsel (s69 Order) and other ABS costs	50,000		18,679	
Other			1,212	
		12,000	26,656	
<b>Administration Costs</b>				
PR/communication		5,000	7,236	
Office Costs (excl rent & service charge)		10,000	7,112	
IT Support (Office)		2,000	2,411	
<b>Conduct &amp; Disciplinary</b>				
Advice			9,179	
Complaints (incl LeO)			727	
		50,000	9,906	
<b>Projects</b>				
IT - website development	16,394	15,000	11,634	
Research and Education		15,000	13,466	
<b>Running Costs</b>				
Rent & Service Charge		50,000	36,359	
<b>Registration Administration</b>				
<i>(£41,238 paid to CIPA and ITMA in 2013)</i>				
WorldPay Commission & Charges			2,951	
IT & Office Support			18,308	
		10,000	21,259	
		502,700	346,265	
LSB Levy		67,000	53,438	
LeO Levy		12,000	6,259	
Contingency		10,000	-	
<b>Budgeted Expenditure (full year)</b>		<b>591,700</b>		
<b>Total Expenditure</b>			<b>405,962</b>	
<b>INCOME</b>				
2014 Income			632,206	
<b>Operating Surplus for the period per Balance Sheet (Annex 3)</b>			<b>226,244</b>	

# The Intellectual Property Regulation Board Limited

## Balance Sheet as at 30 September 2014

	£	£
<b>Fixed Assets</b>		7,685
<b>Current Assets</b>		
Debtors & Prepayments	2,189	
Cash at bank and in hand	<u>675,322</u>	
	677,511	
<b>Current Liabilities</b>		
Creditors & Accruals	<u>94,813</u>	
<b>Net Current Assets</b>		582,698
		<u><b>590,383</b></u>
<b>Capital and Reserves</b>		
Board Appointments Reserve (shown as available reserves in budget)		22,937
IT/Website Reserve (shown as available reserves in budget)		16,394
Planned Office Restructuring Reserve (shown as available reserves in budget)		50,000
Income & Expenditure surplus		
Surplus brought forward	99,808	
Surplus for the period	<u>226,244</u>	
		326,052
General Contingency Reserve (not shown in budget)		175,000
		<u><b>590,383</b></u>

Budget refers to Annex 2

24 July 2014

Dear Registrant

### **Practice fees and other issues**

Over the last year a number of issues have needed to be looked at - they revolve around the new requirements placed upon a regulator and the cost of carrying those responsibilities.

The issue of ABS may not be immediately relevant to all registrants and entities, but the regulatory standards expected to be applied to new ABS entities will need to be replicated for all entities. In fact, many of these new arrangements would have come into play in due course even if the Board had decided not to pursue the ABS application. So in that sense what I am about to say is 'ABS neutral' although it is couched in the ABS context.

### **Compensation bond**

After the disappointment of needing to delay our licensing work earlier this year, we now begin on 1 January 2015.

A new element of the 2015 budget is the compensation bond. This bond protects client monies. Compensation arrangements are a statutory requirement. We provided details about these arrangements when we consulted you in 2012. Working with PAMIA, we have persuaded the Legal Services Board that we did not need to set up a compensation fund; it was agreed that a bond would suffice.

### **Staffing to meet the new requirements**

As you know we planned to recruit two additional members of staff this year for an April 2014 start but, as soon as we learnt of the likely delay, we put that recruitment on hold. We will now appoint our Authorisation Officer in September. This person will deal with our licensing applications including applications from registered firms who will have to move to licensed status. This is currently planned as a one year fixed term (part-time) post. The second appointment will now take place in early 2015 and the main focus for the Assurance Officer will be to support practices as they begin to operate under the new regulations, particularly around the management of client monies.

We undertook a general review of staff salaries against other regulators to ensure that we recruited and kept the best people. The Chief Executive's salary is now £120,000 (full time equivalent) but still working three days each week.

Even after this planned recruitment, the office will still only have 3 regulatory officers and an accountant (all three days each week) and an administrator (two days each week).

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### **Calculation of fees**

As you know, we have held the level of the practice fees since 2011. We made a decision that we would absorb for as long as we could the inflationary pressure, of which you as practitioners will be all too aware.

The inflation pressure which we have absorbed for the four accounting years is calculated at about an accumulative 10%. The Board considers that the pressures of future work combined with the inflation issue requires a well-focused look. The choice is to address the point or elect to run a deficit budget. The Board considers either option has its difficulty but that an election to run a deficit budget is storing up problems for the future.

Accordingly the decision we have made is to ensure we balance the books and this will mean an increase in subscriptions - but not for everyone.

Here is the proposal: For 2015, we are intending to hold the fees for those not in active practice and increase the fees by 10% for registrants who are in active practice. (Had we increased fees year on year by inflation the fees for 2015 would be at this level.)

### **Further detail**

We have published our draft Budget for 2015 and also our Reserves Report and we will draw on these reserves in order to mitigate the increase.

Our income to date this year is £620,000.

There have been additional costs associated with the licensing application: a £40,000 set-up charge for our appellate arrangements with the First Tier Tribunal and a significant increase in the legal fees associated with obtaining three necessary statutory instruments. We have met these through our restructuring reserve.

We have moved to the collection of practice fees via IPReg Pro. We are already seeing a large saving in the cost of the administration of this process. Even with providing additional support during this first year (and needing to make arrangements for some practitioners in industry), our costs are less than half of the administration fee we paid to CIPA and ITMA in 2013 and we expect this to reduce next year now that the process is largely "bedded in."

Comparison are not always helpful but the new practice fee for an attorney in private practice will move from £170 to £187 which we consider to be good value in comparison to the equivalent fee for a solicitor of £384 who will also have to pay a further £56 as contribution to the compensation fund.

Membership of the representative organisations is a matter for individual preference and separate, but the regulatory costs outlined in the budget are clear.

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**Finally**

There has been much talk in the press about a single legal regulator and I have, on every possible occasion, argued against this - not just because I do not accept the "complexity" argument but also because any statements around economies of scale are not supported by the evidence. It is also unlikely that the regulatory fees (which for IP practitioners are low by comparison) would remain low in a bigger regulatory environment.

*Yours*  
*Michael Heap*

Michael Heap  
Chairman

## **The Patent Regulation Board and the Trade Mark Regulation Board (The Intellectual Property Regulation Board) Business Plan for 2015**

### **Policy Focus and Objectives**

The regulatory objectives which underpin all of IPReg's activities are:

- *protecting and promoting the public interest;*
- *supporting the constitutional principle of the rule of law;*
- *improving access to justice;*
- *protecting and promoting the interests of consumers;*
- *promoting competition in the provision of legal services;*
- *encouraging an independent, strong, diverse and effective legal profession;*
- *increasing public understanding of the citizen's legal rights and duties;*
- *promoting and maintaining adherence to the professional principles*

Our Business Plan 2015 has, as its main focus, the launch of our regulation of Alternative Business Structures in January 2015 and, in parallel, the launch of the IPReg Assurance Programme.

**We will also continue to progress the work identified in our Education Plan.**

### **Specific Work Programme for 2015**

**Details of the specific activities in our 2015 work programme are shown over leaf. Many of the activities have been brought forward from 2014 as they are associated with our designation as a licensing authority which was postponed to January 2015**

*Note: annual activities, such as the appointment and appraisal of board members, submission of the IGR (internal governance review) to the LSB and formal admissions to and publication of the statutory registers, are not shown although the plan does highlight areas where the annual activities are intended to be undertaken in a different way in 2014.*

<b>Alternative Business Structures (ABS)</b>			
<b>1</b>	<b>IPReg office</b>	<p>After designation on 1<sup>st</sup> January 2014:</p> <ul style="list-style-type: none"> <li>• (as necessary) put in place contracts with third party suppliers in relation to the outsourcing of certain activities (e.g., elements of the authorisation process).</li> <li>• establish working arrangements with the General Regulatory Chamber regarding ABS appeals.</li> <li>• determine ABS applications from licensable bodies prior to expiry of the transitional period.</li> <li>• review authorisation processes (at year end)</li> </ul>	1
<b>2</b>	<b>Training</b>	<p>Issue written guidance and provide further training on the regulatory rule changes particularly:</p> <ul style="list-style-type: none"> <li>• the handling of client monies</li> <li>• the obligations under money laundering regulations</li> <li>• the responsibilities of a Head of Legal Practice (“HoLP”) and a Head of Finance and Administration (“HoFA”)</li> </ul> <p>Procure training modules for prospective HoLPs and HoFAs</p>	1
<b>3</b>	<b>Communication</b>	<p>Working with CIPA and ITMA, continue a programme of presentations, workshops, articles and FAQs regarding ABS licensing.</p> <p>Regularly update the dedicated pages of IPReg website.</p>	2
<b>4</b>	<b>Entity Practice Fees</b>	<p>Consult (July 2015) on a possible move to turnover-based practice fee scales.</p>	3



Research and Communication			
	Activity	Description	Priority
1	Website	<p>Undertake programme of enhancement to the IPReg website expanding functionality and particularly improving collection of CPD compliance data.</p> <p>(With the other legal regulators) promote the “Legal Choices” website</p> <p><a href="http://www.legalchoices.org.uk/">http://www.legalchoices.org.uk/</a></p>	1
2	Research	<p>Commission and review research on unregulated intellectual property legal services and agree any appropriate actions.</p> <p><i>(This activity was deferred due to difficulties in the collection of the necessary data but in 2015 the IPO are intending to publish details of the applicants’ agents which may enable this research to commence)</i></p> <p>Continue to monitor the Enterprise Court small claims procedure (intended to widen access to the lay applicant).</p>	2
3	Diversity	<p>Continue to publish diversity statistics in the format agreed with the LSB.</p> <p>Via the IP Diversity Forum (CIPA, ITMA, the IP Federation and IPReg) encourage attorney firms to sign up to the Law Society Diversity Charter.</p> <p>Work with other stakeholders to increase awareness of charities supporting access into the profession such as “Generating Genius” and others.</p> <p>Provide helpful links via the IPReg website.</p> <p>Facilitate voluntary donations to nominated charities via the IPReg Pro accounts</p>	2

<p><b>4</b></p>	<p><b>Liaison meetings</b></p>	<p>Develop stronger working relationships with the IPO</p> <p>Liaise with the MOJ regarding the contribution of the profession to “UK PLC”</p> <p>Attend and contribute to the Global Legal Summit in February 2015</p> <p>Continue regular meetings with main stakeholders including LSB, CIPA, ITMA, LeO, PAMIA and other ARs as necessary.</p>	<p>3</p>
<p><b>5</b></p>	<p><b>Meetings with registrants</b></p>	<p>Continue the programme of presentations at regular open meetings with registrants to maintain their awareness of the regulatory regime, update them on developments and to receive their feedback.</p>	<p>3</p>

<b>Consumer Protection</b>			
	<b>Activity</b>	<b>Description</b>	<b>Priority</b>
<b>1</b>	<b>First tier complaints (i.e. “in the office”)</b>	Continue annual collection of statistics and review. Publish any necessary guidelines.	<b>1</b>
<b>2</b>	<b>IPReg Assurance Programme  This programme will now commence after implementation of the new rule changes relating to the handling of client monies</b>	<p>Publish IPReg’s Assurance Policy Document.</p> <p>Agree supervision programme based on risk assessments.</p> <p>Implement the IPReg Assurance Programme to include desk top thematic reviews and targeted on site visits.</p> <p>Amend (as necessary) format for future risk-based reporting from firms.</p>	<b>1</b>
<b>3</b>	<b>IPReg Code</b>	<p>Embed understanding of the obligation in the Code through a series on presentations delivered on line and/or via the supervisor.</p> <p>Review enquiries to IPReg office to determine if there any patterns</p>	<b>2</b>

# The Intellectual Property Regulation Board

**2015 Budget** - Income to September 2014 - £632,206

	<u>2014</u> £	<u>2015</u> £
<b>EXPENSES</b>		
<b>Staff Costs</b>		
CEO Salary	58,000	74,160
CEO Employers NI Contribution	7,000	9,200
2 Regulatory Officers (to be recruited)	116,000	116,000
2 Regulatory Officers NI Contribution (to be recruited)	14,000	14,000
IPReg Staff (existing/temp)	55,000	59,160
IPReg Staff (existing/temp) Employer's NI Contribution	4,700	6,000
<b>Board Costs</b>		
Chair	24,000	35,000
Board Fees	40,000	40,000
Board Expenses (incl Travel)	10,000	10,000
Replacement of Board Members	5,000	10,000
<b>Administration Costs</b>		
Rent	20,000	30,000
Rates & Service Charge	30,000	35,000
Office Costs (not rent & service charge)	10,000	10,000
PR/communication	5,000	10,000
Info mgt & website maintenance	2,000	-
Legal Costs and Professional Services	12,000	15,000
<b>Registration (IPReg Pro)</b>		
IPReg Pro - support for payment of practice fees (contingency)	10,000	10,000
IT Support (office and website)	15,000	15,000
<b>Licensing Activities</b>		
Compensation (Insolvency) Bond	-	35,000
<b>Projects</b>		
Research and Education	15,000	15,000
<b>Disciplinary</b>		
	50,000	50,000
<b>Contingency</b>		
	10,000	10,000
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	512,700	608,520
<b>LSB &amp; LeO</b>		
LSB Levy	67,000	67,000
LeO Levy	12,000	12,000
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<b>Budgeted Expenditure</b>	<u><u>591,700</u></u>	<u><u>687,520</u></u>

Significant increases highlighted in red for ease

# The Intellectual Property Regulation Board

**2014 Budget** (based on projected income of £580,000)

	<i>notes</i>	<b>Final 2013</b> £	<b>Final 2014</b> £
<b>EXPENSES</b>			
<b><u>Staff Costs</u></b>			
CEO Salary		56,800	58,000
Two Additional Officers		30,000	116,000
CEO Employers NI Contribution		6,800	7,000
Additional Officer NI Contribution			14,000
Chair		24,000	24,000
Board Fees		40,000	40,000
Board Expenses (incl Travel)		10,000	10,000
IPReg Staff (Perm/Temp)		55,000	55,000
IPReg Staff Employer's NI Contribution		4,700	4,700
Legal Costs and Professional Services		12,000	12,000
Replacement of 4 Board Members		15,000	5,000
Disciplinary Hearings		50,000	50,000
<b><u>Administration Costs</u></b>			
PR/communication		5,000	5,000
Office Costs incl room hire (not rent & service charge)		5,000	10,000
Info mgt & website maintenance		2,000	2,000
<b><u>Projects</u></b>			
IT - Public/Professional access/communications		-	15,000
Research and Education		25,000	15,000
<b><u>Planned Office Restructuring Reserve</u></b>			
		50,000	-
<b><u>Contingency</u></b>			
		10,000	10,000
<b><u>Running Costs</u></b>			
Rent & Service Charge		30,000	50,000
CIPA - Registration Admin Charges	┌	30,000	-
CIPA - Registration Admin Charges (Dual)	└	6,000	-
ITMA - Registration Admin Charges	┌	8,500	-
ITMA - Registration Admin Charges (Dual)	└	3,000	-
Registration Admin Contingency		<u>          </u>	<u>10,000</u>
		478,800	512,700
LSB Levy		62,000	67,000
LeO Levy		12,000	12,000
<b><u>Budgeted Expenditure</u></b>		<b><u>552,800</u></b>	<b><u>591,700</u></b>

NOTE - to be read in conjunction with the IPReg Reserves 1 Jan 2014

# The Intellectual Property Regulation Board Limited

## Balance Sheet as at 31 December 2013

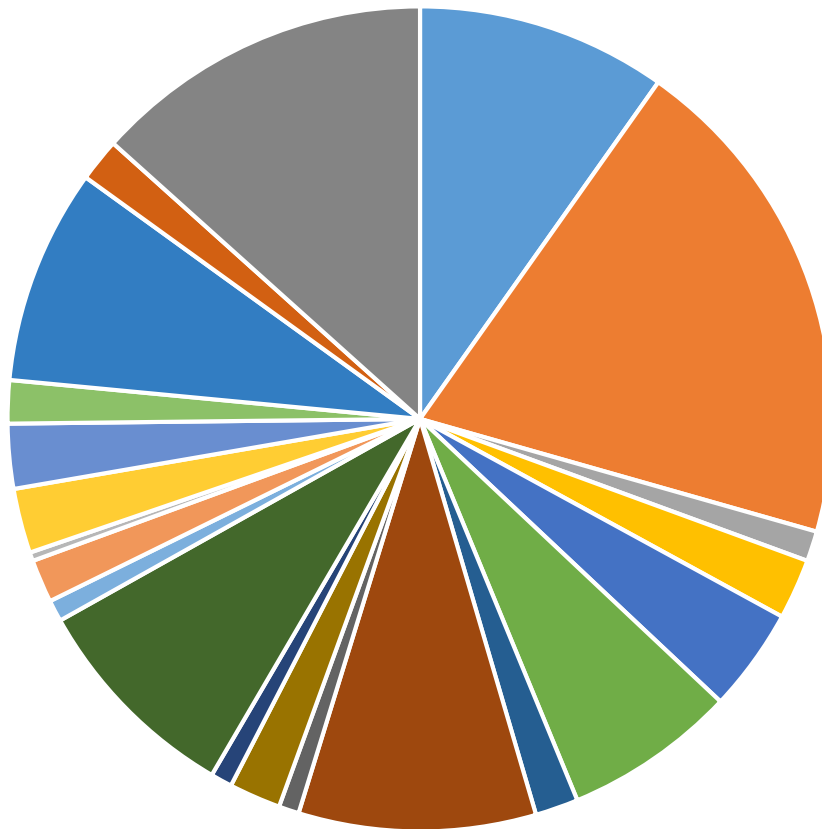
**DRAFT (post LSB & LeO Levy)**

	£	£
<b>Fixed Assets</b>		9,943.00
<b>Current Assets</b>		
Debtors & Prepayments	3,900.22	
Cash at bank and in hand	<u>471,622.15</u>	
	475,522.37	
<b>Current Liabilities</b>		
Creditors and Accruals	<u>121,326.70</u>	
<b>Net Current Assets</b>		354,195.67
		<u><b>364,138.67</b></u>
<b>Capital and Reserves</b>		
Board Appointments Reserve		22,937.00
General Contingency Reserve		175,000.00
IT/Website Reserve		16,394.00
Planned Office Restructuring Reserve		50,000.00
Income & Expenditure surplus		
Brought Forward	75,009.40	
Surplus for the year	<u>24,798.27</u>	
		99,807.67
		<u><b>364,138.67</b></u>

## IPReg Application to LSB 2015

### Pie Chart showing the allocation of 2014 Budget

Budget breakdown in detail

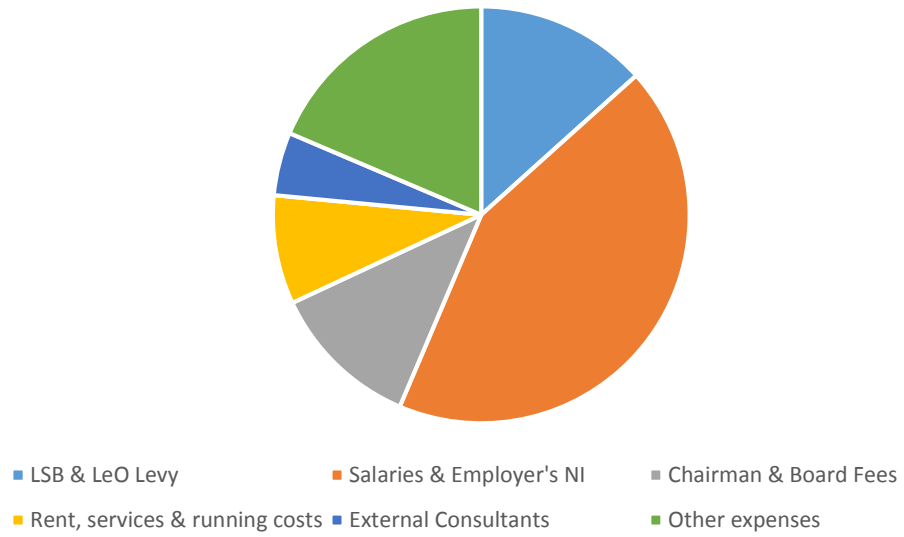


- CEO Salary
- CEO Employers NI Contribution
- Chair
- Board Expenses (incl Travel)
- IPReg Staff Employer's NI Contribution
- Replacement of Board Members
- PR/communication
- Info mgt & website maintenance
- Research and Education
- Rent & Service Charge
- LSB & LeO Levy
- Two Additional Officers
- Additional Officer NI Contribution
- Board Fees
- IPReg Staff (Perm/Temp)
- Legal Costs and Professional Services
- Disciplinary Hearings
- Office Costs incl room hire (not rent & service charge)
- IT - Public/Professional access/communications
- Contingency
- Registration Admin Contingency

## IPReg Application to LSB 2015

### Pie Chart showing the allocation of 2014 Budget

Budget Breakdown summarised

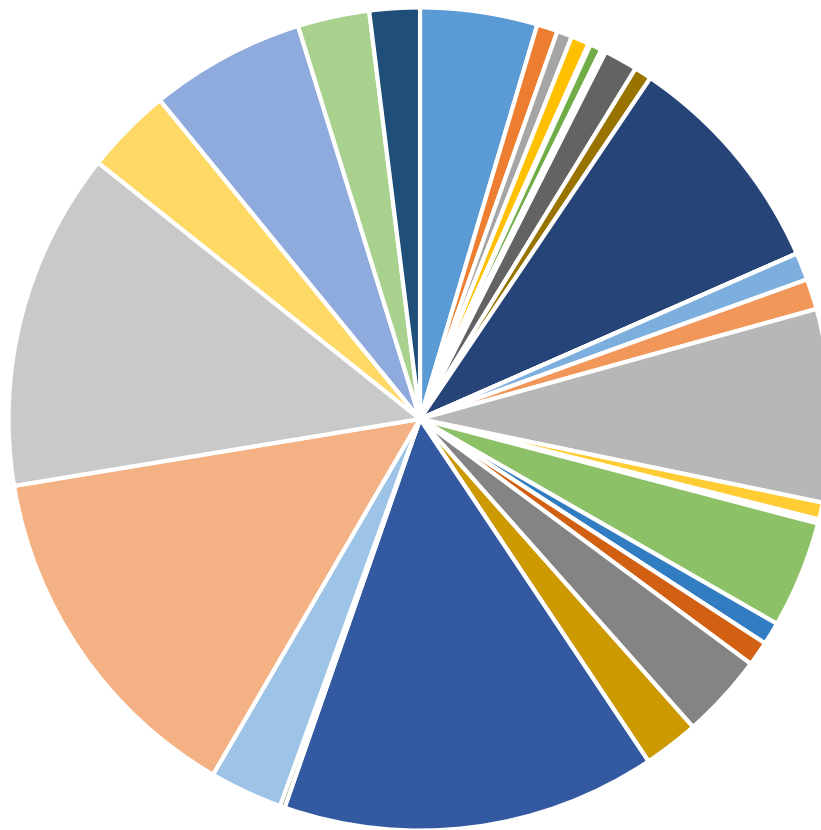




## IPReg Application to LSB 2015

### Pie Chart showing the allocation of the expenditure as at September 2014

Expenditure Breakdown in detail

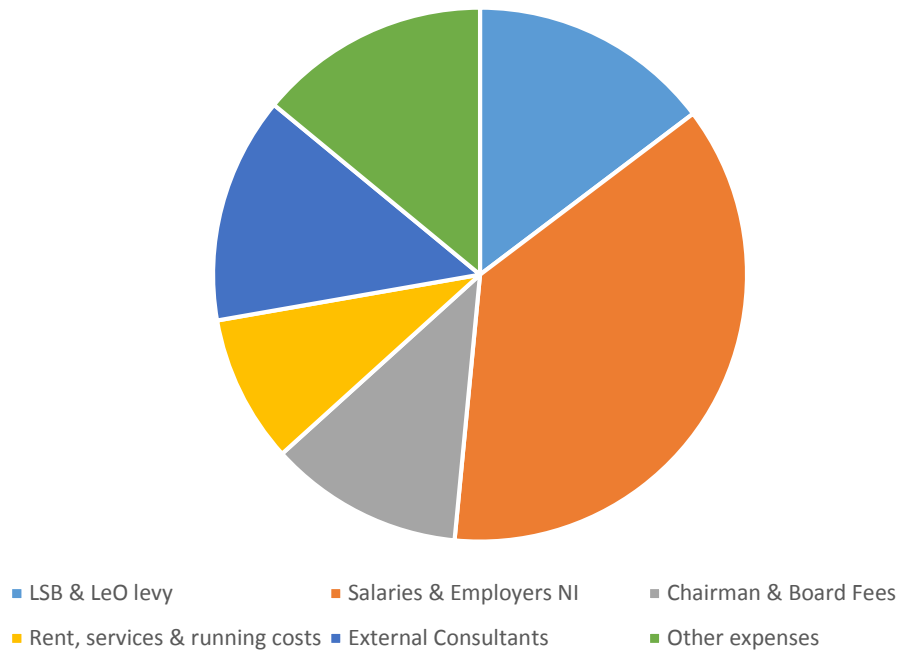


- ABS Legal Costs
- Depreciation
- Miscellaneous expense
- Printing, postage & stationery
- Audit & accountancy
- Board member's travel & accommodation
- Chairman's travel & accommodation
- Legal & Professional
- Website (incl. development)
- Employers NI
- Temporary Staff
- Financial charges
- Insurance expense
- Office & kitchen expense
- Rent, services & running costs
- Board Appointments
- Board expenses
- Disciplinary Hearings
- LSB & LeO levy
- Administrative staff salaries
- Regulatory Officer
- Computer expenses
- Meetings expense
- PR/Comms & Events/Receptions
- Travel & accommodation
- Board members' fees
- Chairman's fees
- Education
- Professional indemnity insurance
- CEO salary
- Regulatory officer - recruitment

## IPReg Application to LSB 2015

Pie Chart showing the allocation of the expenditure as at September 2014

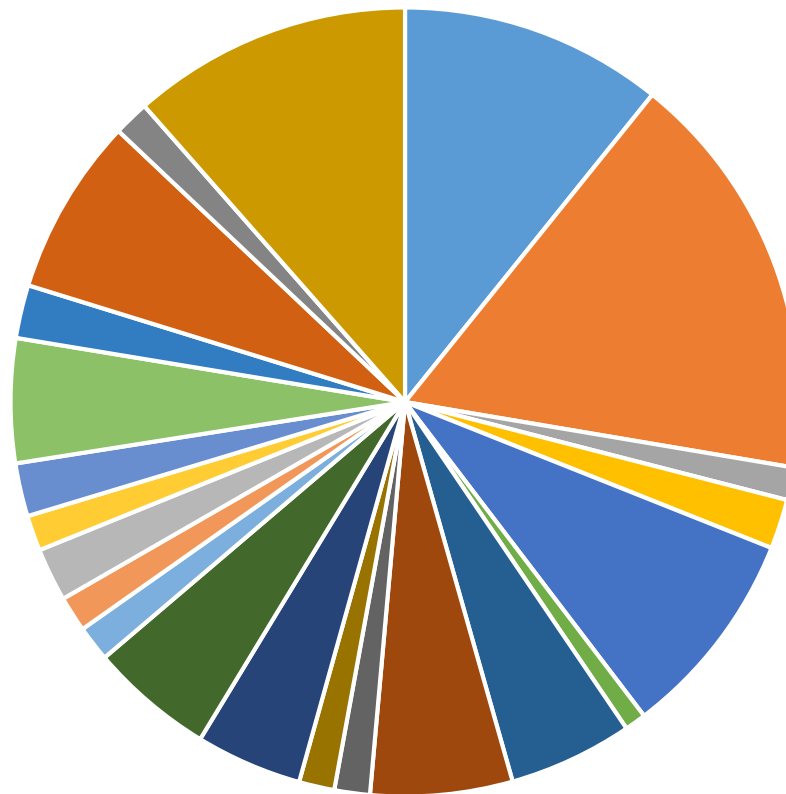
Expenditure breakdown summarised



## IPReg Application to LSB 2015

### Pie Chart showing the allocation of proposed 2015 Budget

Budget breakdown in detail



- CEO Salary
- CEO Employers NI Contribution
- IPReg Staff (Perm/Temp)
- Chair
- Board Expenses (incl Travel)
- Rent
- Office Costs (not rent & service charge)
- Legal Costs and Professional Services
- IT support
- Research and Education
- Contingency
- 2 Regulatory Officers
- 2 Regulatory Officers NI Contribution
- IPReg Staff Employer's NI Contribution
- Board Fees
- Replacement of Board Members
- Rates & Service Charge
- PR/communication
- IPReg Pro - support for payment of practice fees
- Compensation (Insolvency) Bond
- Disciplinary
- LSB & LeO Levy

## IPReg Application to LSB 2015

### Pie Chart showing the allocation of proposed 2015 Budget

Budget breakdown summarised

