

Practising Certificate Fee (s51) application assessment

AR NAME Intellectual Property Regulation Board (IPReg)

Part One: summary and recommendation

Summary

- The method of fee calculation is unchanged.
- Request for the fee to be increased by 10% for individual (active) registrants and for firms.
- This represents the first increase in fees since 2011
- The increase has been justified by IPReg primarily because of:
 - Increase in staff costs, including remuneration of the Chief Executive, Chief Finance Officer and Chairman, to bring in line with other regulators, plus the employment of new staff.
 - 10K increase in office rental accommodation.
 - The requirement to purchase a Compensation Insolvency Bond as a statutory requirement of acting as a licensing authority for ABS.
- The budget for 2015 is £687,520 compared to the 2014 budget of £591,700. This is an increase of £95,820 (16%).

Recommendation

- That the application be approved.

Part Two: Assessment of the application against LSB acceptance criteria

Pre-submission	
Were there any pre-submission discussions or a draft application; were any issues identified	No meeting or draft application.
Were there any areas for improvement or specific issues in the last approval letter	<p><i>Two areas for comment in the approval letter of 30 October 2013 for the 2014 PCF:</i></p> <p>1) We noted that IPReg still intended to consult specifically on a possible move to practice fees for firms based on turnover. We welcomed such an approach as long as IPReg is able introduce the change in a way that is not disproportionately complex.</p> <p><i>IPReg RESPONSE FOR 2015 APPLICATION:</i> IPReg have yet to undertake a consultation on a possible change to its fee structure so that entity fees are based on turnover but says it still aims to do so in due course.</p> <p>2) IPReg's Annual Report 2012</p>

	<p>stated that the LSB approve the budget when it is the fee we approve. We asked IPReg to ensure that it does not do the same when drafting the Annual Report for 2013.</p> <p><i>IPReg RESPONSE FOR 2015 APPLICATION:</i> IPReg do not appear to have made a reference to the LSB approving the IPReg budget this time.</p>
Developing the application and budget	
<p>Is it clear that the regulatory arm has lead the development of the application?</p>	<p>Yes, PCF only used solely for IPReg costs. PCF is IPReg only source of income</p>
<p><i>Budget</i></p> <ul style="list-style-type: none"> • Is it clear how the budget has been arrived at • Is there evidence that the immediate and medium terms needs have been taken into account • Are the contingency fund arrangements clear 	<p>Yes. The budget is clear, providing a breakdown of expected spend for 2015 and a comparison of the 2014 budget against actual year to date (as at 30 Sept 2014) spend.</p> <p>Yes. The budget clearly sets out expenditure requirements against income and expenditure, including immediate and medium term needs, such as resourcing required to act as a licensing authority. While there is a deficit in the 2015 budget consulted upon of 67k against income of £620k, IPReg has reassured that the fee 10% increase will cover the shortfall.</p> <p>Yes.</p> <ul style="list-style-type: none"> • 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 the 2011/12 period but the unspent amount of 16k has been carried forward to 2014. • In 2010 IPReg determined that over a period of four years it would accrue a general contingency of £100,000 against wind up and significant unexpected costs. • The IPReg Board decided earlier in 2014 to increase the contingency to reflect additional office and staff costs, IPReg now has £175k invested.
<p><i>Consultation</i></p> <ul style="list-style-type: none"> • Has the proposed fee been consulted on – if so summarise 	<p>Yes. IPReg consulted on the plan and budget for 2015 with an email sent to all registrants directing them to the consultation page of the</p>

<ul style="list-style-type: none"> Was the consultation clear about the level of fee and how it will be collected Has feedback been fully considered 	<p>website.</p> <p>Yes. The letter from the Chair of IPReg to all registrants was very clear about the increase in fee level the reasons around the need for a Compensation Bond and staffing under the new requirements for IPReg acting as licensing authority in 2015.</p> <p>Yes. IPReg received just four responses. One in support, two on budgetary matters but not opposing the level of the fee itself, and a response from CIPA querying the salary increase. The responses were considered at IPReg's Board which determined that no adjustments to the Business Plan or Budget were necessary.</p>
<p><i>Clear and transparent</i></p> <ul style="list-style-type: none"> Is the information provided to fee payers on the level of fee clear and transparent When was/is this issued to fee payers 	<p>Yes. See above - The letter from the Chair of IPReg to all registrants in July 2014 was very clear about the increase in fee level the reasons around the need for a Compensation Bond and staffing under the new requirements for IPReg acting as licensing authority in 2015.</p>
<p>Permitted purposes</p>	
<p>Is there evidence that the PCF income is used solely for permitted purposes</p>	<p>Yes. IPReg confirms that all PCF income in 2015 will be used solely for permitted purposes and evidences that in the budgets provided.</p>
<p>Is any other income to be applied to permitted purposes</p>	<p>No – the monies raised through PCF is IPReg sole source of income.</p>
<p>Regulatory functions</p>	
<p>Is there evidence of how much of the PCF income is applied to permitted purposes that are regulatory functions</p>	<p>Budgets provide a detailed breakdown of both planned expenditure for 2015 and actual expenditure up to 30 September 2014</p>
<p>Are any shared services clearly explained</p>	<p>There was a cessation of shared services in 2014, from when IPReg managed the collection of practice fees and the administration of the Registers.</p>
<p>Regulatory and equality impact assessment (optional requirement)</p>	
<ul style="list-style-type: none"> Completed and included? If not included, is there an explanation of the potential impact 	<p>No, an impact assessment has not been included in the application.</p> <p>No, however the business plan does refer under the research and communication section to diversity activities.</p>

<ul style="list-style-type: none"> Does the application contain commentary on the regulatory objective and the Better Regulation Principles 	Business plan sets out the regulatory objectives that underpin IPReg's activities.
Consultation with non-commercial bodies	
<ul style="list-style-type: none"> Does the application include a description of the steps taken Have the proposed fees been shared with such bodies What was the response 	No consultation – not relevant for IPReg.
LSB Review	
Have we consulted with any other body on the application	Not considered necessary.
Were any issues raised by LSB colleagues from the first review	No

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