

Practising Certificate Fee (s51) application assessment

Approved Regulator: Intellectual Property Regulation Board (IPReg)

Part One: summary and recommendation

Summary

The proposed practising certificate fees (PCF) for 2017 are set at the same level as approved by the LSB for 2016.

For 2017, IPReg has set a budget of £711,900, 1% lower than that set for 2016 (£718,570). IPReg does not receive any financial support from either CIPA or ITMA.

There is no change to the fee structure.

The projected income from PCF is £750,000. An operating surplus at the end of each year is transferred to reserves and allocated to either the general contingency reserve or “ring-fenced” for specific purposes. In 2016, the PCF income was £760,000 (compared to the IPReg budget of £718,750).

Recommendation

I recommend that the proposed fees for 2017 be approved.

We recognise that there is a degree of unpredictability in terms of the level of income that will be generated from PCF. However, if the trend of income exceeding budget continues we would expect the IPReg Board to consider whether there is scope to reduce the fees rather than transfer surplus to reserves. A comment to this effect should be included in the decision letter.

Part Two: Assessment of the application against LSB acceptance criteria

1. Pre-submission	
Were there any pre-submission discussions or a draft application; were any issues identified	A draft application was submitted for review; no issues were identified.
Were there any areas for improvement or specific issues in the last approval letter	There were no areas for improvement in last year's approval letter.
Is it clear that the regulatory arm has led the development of the application?	Yes. PCF income is used solely for regulatory costs. PCF is IPReg's predominant source of income.

<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 clearly set out in the application with the 2016 budget for comparison. The 2016 budget against actual year to date is also provided.</p> <p>Yes. The budget covers the operational expenses for IPReg and the levies to the Legal Services Board and the Legal Ombudsman.</p> <p>Within the reserves, certain monies are ring-fenced for future known activities (for example research) and for activities which may call for additional expenditure than budgeted for (for example board member recruitment).</p> <p>Yes. Each year, IPReg publishes details of its reserves which have been created from operating surpluses on preceding years.</p>
<p><i>Consultation</i></p> <ul style="list-style-type: none"> • Has the proposed fee been consulted on – if so summarise • Was the consultation clear about the level of fee and how it will be collected • Has feedback been fully considered 	<p>Yes. A consultation on the Business Plan, budget and the proposed PCF was published on 9 August 2016 and comments invited by 16 September 2016. Three responses were received.</p> <p>Yes.</p> <p>Yes. The responses were provided to the IPReg Board as part of the papers for the meeting at which the Business Plan, budget and PCF were approved. Two responses were supportive of the proposals; the third erroneously thought that the proposal was to increase PCF. The IPReg Board concluded that no changes were needed to the Plan or budget in the light of the responses and approved PCFs at the same level as 2016.</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. In the consultation and also to be issued individually to fee payers after LSB approval.</p>
<p>3. Permitted purposes</p>	
<p>Is there evidence that the PCF income is used solely for permitted purposes</p>	<p>Yes. PCF income is used solely to cover the costs of IPReg.</p>
<p>Is any other income to be applied to permitted purposes</p>	<p>Yes. In addition to PCF, IPReg has a small amount of income (£8,000 in 2016) from the issue of litigation certificates and bank interest earned.</p>

4. Regulatory functions	
Is there evidence of how much of the PCF income is applied to permitted purposes that are regulatory functions	Yes. All PCF income applied to regulatory purposes.
Are any shared services clearly explained	Not applicable to this application
5. Regulatory and equality impact assessment (optional requirement)	
<ul style="list-style-type: none"> Completed and included? If not included, is there an explanation of the potential impact Does the application contain commentary on the regulatory objective and the Better Regulation Principles 	Not included.
6. Consultation with non-commercial bodies (optional requirement)	
<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 	Not applicable to this application.
7. LSB Review	
Have we consulted with any other body on the application	No
Were any issues raised by LSB colleagues from the first review	No issues were raised

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