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19 November 2018

Dear Fran

Application by Intellectual Property Regulation Board (IPReg) under section 51 of the Legal Services Act 2007 for the approval of the level of the practising fees 2019

Thank you for your application on behalf of IPReg under section 51 of the Legal Services Act 2007 (the Act) and the Legal Services Board's (LSB) Practising Fee Rules 2016 (the Rules).

I confirm that the 2019 practising fees have been approved. This decision has been made under the authority delegated to me as Chief Executive by the LSB.

You will appreciate our understandable concern that IPReg concluded that the PCF had to rise by such a significant percentage this year. The LSB's general expectation is that the costs of regulation should be reduced, or at least stabilised. However, we accept that in some cases, where a business case is made, that an increase may be necessary.

I am satisfied, having taken into account the costs and expenditure identified by IPReg (in particular, the IT Project, office move and revising regulatory arrangements) that a reasonable business case has been made for the necessity of the increase. You have explained that the IT Project is needed to modernise IPReg's register and will produce efficiency savings in the long run. The office move is as a result of a lease expiring, and we are pleased IPReg will consult with the representative bodies to ensure that the move is a suitable and proportionate one. With regards to the review of regulatory arrangements, I recognise that this will allow IPReg to ensure its overall regulatory approach is best aligned with LSB's regulatory performance framework and the better regulation principles. In short, I have concluded that the proposed increase is to meet costs that will enable IPReg to continue to undertake its regulatory responsibilities in a competent and efficient way.

Furthermore, I am pleased that IPReg is transparent about its reserves and is attempting to lessen the impact of the increase through significant draws on those reserves to fund

the new IT system. The LSB has also taken into account the fact that the actual monetary increase for practitioners is relatively small.

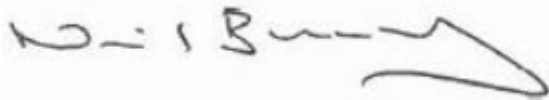
However, once the projects outlined by IPReg are completed, the LSB would expect IPReg to be in a position to bring down the level of fee to reflect any reductions in costs and efficiency savings.

Finally, we considered carefully the concerns raised in consultation, particularly from the attorney representative bodies and concluded that IPReg had responded adequately to queries raised about staffing costs, board costs and the projected IT costs. We also welcome the assurance provided by IPReg during our assessment that it is willing to take steps to monitor the impact of the increase on attorneys.

We will be publishing a copy of this decision letter on our website in the next few working days. Please contact Steve Violet (steve.violet@legalservicesboard.org.uk 020 7271 0073) if you have any questions.

I am copying this letter to Lee Davies at CIPA and Keven Bader at CITMA for information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Neil Buckley', with a stylized flourish at the end.

Neil Buckley
Chief Executive

Cc Lee Davies CIPA
Keven Bader CITMA