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5 November 2012

Dear Ann,

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 fee 2013

Thank you for submitting an 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 2009 (the Rules) on 10 October 2012. Thank you also for submitting additional information in response to our queries about the application on 31 October 2012, which we have reflected in this letter. We were grateful for such a clear and comprehensive application.

I am pleased to inform you that the 2013 practising fee has been approved. This decision has been made under the authority delegated to me as Chief Executive by the LSB.

In reaching our decision, we had several observations, which I set out below and which we would be grateful if you could consider for future applications.

Thank you for the additional information on reserves and 2012 income. We would be grateful if future applications could cover both these points.

We note that there is a possibility that in 2014 IPReg will begin to charge fees based on entity turnover. We would welcome such an approach as long as IPReg is able to introduce the change in a way that is not disproportionately complex. While we note that IPReg has already consulted on the initial idea, we would consider it necessary for IPReg to undertake a more detailed and wide-ranging consultation with entities, including an assessment of the likely impact of the change on individual entities, should it decide to take this forward.

We do consider consultation a vital part of the PCF process. In our view, the more wide-ranging and comprehensive consultation that an approved regulator undertakes, the less we need to scrutinise an application. We agree that a comprehensive consultation for this

year was unnecessary, given that the 2013 approach was covered in the consultation undertaken in 2011 and we note that IPReg published a copy of the budget and business plan for 2013 on its website. However, we consider that IPReg could have been more proactive in ensuring that those it regulates saw a copy of the budget and business plan, by, for example, emailing out a copy. We also expect to see a full consultation process undertaken for the 2014 fee, especially if, as covered above, this could result in a wholly different approach to calculating the fee.

Finally, on a technical point we noted that on page 11 of IPReg's Annual Report 2011, there is reference to LSB having approved IPReg's budget. While we have to consider the budget in relation to the practising certificate fee application, we do not approve it; we approve the practising certificate fee.

We will be publishing a copy of this decision letter on our website in the next few working days. Please contact Sonya Gedson, Regulatory Associate, (Sonya.Gedson@legalservicesboard.org.uk or 020 7271 0073) if you have any questions.

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

Yours sincerely



Chris Kenny
Chief Executive

