

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.
- The fees payable for 2014, ranging from £140 to £400 depending on the status of the individual or entity, return to the same level as in 2011 after a 50% increase in 2012 and 2013. The increase was to cover the costs of preparing the licensing authority application. Please note however, that IPReg never intended that the 50% increase be permanent.
- The budget for 2014 is £591,700 compared to the 2013 budget of £552,800. This is an increase of £38,900 (7%). The most significant factor in the increase are the costs associated with increased officer level staffing in anticipation of designation as a licensing authority.
- IPReg is to start to charge £100 for the issue of certificates to Higher Court litigators and Higher Court Advocates.

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>Four areas for improvement/specific issues referred to in approval letter 5 November 2012 for the 2013 PCF:</i></p> <ul style="list-style-type: none">• On reserves and 2012 income we welcomed the additional information provided in response to our queries and requested that future applications cover both these points. <p><i>IPReg RESPONSE FOR 2014 APPLICATION: Annexes 2 and 6 to the application provide the 2013 budget including reserves and Annex 2 provides 2013 income.</i></p> <ul style="list-style-type: none">• We noted that there was a possibility that in 2014 IPReg would begin to charge fees based on entity turnover. We stated that we would welcome this provided it was introduced in a way that is not disproportionately complex. Whilst we acknowledged that they had already consulted on the initial idea, we stated that it would be necessary for IPReg to undertake a more detailed and wide-ranging consultation with entities, including an assessment of the likely impact of the

	<p>change on individual entities, should it decide to take these changes forward.</p> <p><i>IPReg RESPONSE for 2014 APPLICATION: The method of fee calculation is unchanged. In 2014 IPReg is to consult on a possible move to practice fees for firms based on turnover.</i></p> <ul style="list-style-type: none"> • 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. <p><i>IPReg RESPONSE FOR APPLICATION: The draft plan and budget were posted with the Consultation section of the IPReg website. Emails were sent on 29 July to the CEOs of both CIPA and ITMA directing them to the “Consultations” section and the next day a similar email was sent to all registrants.</i></p> <ul style="list-style-type: none"> • We expect a full consultation process to be undertaken for the 2014 fee, especially if this could result in a wholly different approach to calculating the fee. <p><i>IPReg RESPONSE FOR APPLICATION: IPReg consulted on the plan and budget for 2014; the covering note for the consultation makes reference to the fact that the fee is not changing IPReg is a planning a consultation on the fee basis in 2014.</i></p> <ul style="list-style-type: none"> • On a technical point we noted that in IPReg’s Annual Report 2011, there was reference to LSB have approved IPREG’s budget. We pointed out that we do not approve it ; we approve the practising certificate fee. <p><i>IPReg RESPOSNE FOR APPLICATION: Having checked IPReg’s Annual Report 2012 on page 13 there is a note in the table stating that their budget for 2013 is LSB approved. We have again commented on this in the decision letter.</i></p>
Developing the application and budget	
Is it clear that the regulatory arm has lead the development of the application?	Yes, PCF only used solely for IPReg costs. PCF is IPReg only source of income
<p><i>Budget</i></p> <ul style="list-style-type: none"> • Is it clear how the budget has been arrived at 	The budget is clear providing a breakdown of expected spend for 2014 and a comparison of the 2013 budget against actual year to date (as

<ul style="list-style-type: none"> • Is there evidence that the immediate and medium terms needs have been taken into account • Are the contingency fund arrangements clear 	<p>at 30 Sept 2013) spend.</p> <p>The budget for 2014 shows expenditure slightly exceeding income. However the income figure is appears conservative at £580,000 given that up until 30 September 2013 the income for the year to date is £607,000.</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 2011/12 which remains underspent and approximately £10,000 will be carried forward to meet the cost of IT support during the first year of practice fees being paid on line. • The cost of two additional staff has been met within current income as a result of savings elsewhere. • 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. IPReg currently has £75,000 invested. This will increase to £100,000 at the end of 2013. • In view of slightly increasing accommodation costs and the employment of additional staff, the Governance Committee is to review this level in March 2014.
<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>IPReg consulted on the plan and budget for 2014; <i>the covering note for the consultation makes reference to the fact that the fee is not changing.</i> IPReg is a planning a consultation on the fee basis in 2014.</p> <p>N/A</p> <p>N/A</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 	<p>Fee payers were informed that fees would be the same as in 2013 and that there would not be an additional levy in the note from the Chairman</p>

<ul style="list-style-type: none"> When was/is this issued to fee payers 	on the website when the budget and business plan were shared with members.
Permitted purposes	
Is there evidence that the PCF income is used solely for permitted purposes	IPReg confirms that all PCF income in 2014 will be used solely for permitted purposes and evidences that in the budgets provided.
Is any other income to be applied to permitted purposes	No – the monies raised through PCF is IPReg sole source of income.
Regulatory functions	
Is there evidence of how much of the PCF income is applied to permitted purposes that are regulatory functions	Budgets provide a detailed breakdown of both planned expenditure for 2014 and actual expenditure up to 30 September 2013
Are any shared services clearly explained	In 2014, IPReg will cease to use the services of CIPA and ITMA for administration of its individual registers.
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 	<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> <p>Business plan sets out the regulatory objectives that underpin IPReg’s activities.</p>
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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