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| <b>Approved regulator (AR)</b> | <b>IPReg</b> |
|--------------------------------|--------------|

| <b>Final application</b>  | <b>Type of format received</b> | <b>Confirmed receipt of application</b> | <b>Website link</b>   |
|---|--------------------------------|---|---|
| Receipt of final application on 06 October 2011; additional information provided on 20 October 2011 | Email                          | Emailed                                 | <a href="http://www.legalservicesboard.org.uk/Projects/independant_regulation/2011_practising_fee_applications.htm">http://www.legalservicesboard.org.uk/Projects/independant_regulation/2011_practising_fee_applications.htm</a> |

**Pre-draft application process including draft documents or correspondence received for assessment against the final application**

|  | <b>Yes or No</b> | <b>Description</b>   | <b>Date</b> |
|--|------------------|--|-------------|
| Did the LSB receive a draft application?   |                  | -  | -           |
| Was there a pre-meeting between AR representatives and the LSB?  |                  | -  | -           |
| Do we have any initial concerns arising from the application?  |                  | -  | -           |
| Have the concerns or issues of clarification (if any) been resolved?   | Yes              | Upon consultation with SMT and Board members; Ann Wright provided further clarification on two points: 1) that it is NOT compulsory for an IPREG authorised person to be a member of ITMA or CIPA and 2) IPReg are going to operate a separate accounting system for income relating to the LA application because only the entity registrants are contributing and it is being applied for a particular purpose. This money will be collected as part of the entity fees. IPReg have full control of this income. [NB: IPReg manage the entity register in house so there is no involvement of CIPA and ITMA in relation to the collection of these fees] IPReg are currently in discussion with CIPA and ITMA over the necessary changes to the delegation agreement and they are aware that IPReg will not commence work (except for the current scoping exercise for which IPReg is paying) until the agreement is in place. | 25/10/2011  |
| Does the final application include a section on how the AR has dealt with the areas for improvement (if any) highlighted in the previous year's approval letter? If yes, have these issues been dealt with to the satisfaction of the LSB? | Yes              | Included in additional information requested from IPReg and received on 20 October 2011  | 20/10/2011  |

**Summary**

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| The LSB have the required information to consider the application against the PF Rules 2009 and criteria. |
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|                                 |            |
|---------------------------------|------------|
| <b>Overall level of concern</b> | No concern |
|---------------------------------|------------|

## Section 1: Developing the application and setting the budget

This section of the criteria refers to D10a & D11a /D11d of the Practising fee Rules 2009.

| Criteria - application   | Yes or No | LSB Assessment   |
|--|-----------|--|
| Is there a description of how the application was developed and settled?                             | Yes       | All IPReg income is derived from PCF. Since January 2010 IPReg has received no financial assistance from CIP/ITMA. IPReg is financially independent.<br>The 2012 PCF application has been submitted by IPREG.  |
| Is there sufficient detail to make an assessment of 'reasonable care' when settling the application? | Yes       | A key priority set out in the IPReg 2012 Business Plan is their Licensing Authority application. The budget has been set at £130k plus £22k of LSB fees. The increase in the entity fee by 50% is necessary as a temporary levy for 2012 (and perhaps 2013) to fund the work around this activity. |

### Overall comments

No comment

### Evaluation

The application meets the criteria and evidence for Section 1: Developing the application that must be provided for this section in each PCF application.

Level of concern

No concern

| Criteria - budget  | Yes or No | LSB Assessment   |
|--|-----------|--|
| Is there a description of how the budget was developed and settled?                                  | Yes       | Prior to the submission of the application to the LSB, the Business Plan and budget were considered by the AR Forum (Presidents of CIPA & ITMA, Chairman of IPReg, Chairman of IPReg Governance Committee). The members supported the proposals and the proposed PCF and therefore approved. |
| Is there evidence that the budget was settled in light of immediate and medium term budgetary needs? | Yes       | The budget takes into account the activities in the Business Plan 2012 which includes: first tier complaints & conduct complaints, Licensing Authority Application & Diversity evidence base/transparency requirement, and Litigation Accreditation.   |
| Is there a description of contingency arrangements?  | Yes       | IPReg will have access to an interest free loan from CIPA and ITMA in case of temporary cash flow issues. IPReg notes that this is unlikely to occur as IPReg's reserves are at £25k in 2012, with a similar level for 2011.   |
| Does this include a section on the consultation undertaken with practitioners?                       | Yes       | Yes, please refer to Section 4 of this assessment tool summary.  |

### Overall comments

The level of the PCF for individual authorised persons will remain unchanged from the previous year (2011). IPReg proposes to increase the level of the PCF for entities by 50%. The rationale for the increase in the entity fee is to fund the application intended to be made by the Patent Regulation Board to be designated as a licensing authority.

### Evaluation

The application meets the criteria and evidence for Section 1: Setting the budget that must be provided for this section in each PCF application.

Level of concern

No concern

## Section 2: Permitted purposes

This section of the criteria refers to D10b & D11e/D11b of the Practising fee Rules 2009.

| Criteria   | Yes or No | LSB Assessment  |
|--|-----------|---|
| Is there evidence that the income raised through PCF charge are applied <b>solely</b> to the <b>permitted purposes</b> ? | Yes       | In 2011 all income has been applied, and in 2012 all income will be applied, solely for the permitted purposes. |
| Does it include a budget that shows the anticipated <b>income</b> from practising fees?                                  | Yes       | o The proposed budget for 2012 is £530,150 - a slight decrease from £532,125 in 2011.                           |

| Criteria   | Yes or No | LSB Assessment  |
|--|-----------|---|
| Does it include an analysis of <b>expenditure</b> against the permitted purposes?  | Yes       | See previous questions.   |
| Does it include an analysis of income and expenditure related to <b>all other expected income</b> to be applied to permitted purposes? | Yes       | All IPReg income is derived from PCF. Since January 2010 IPReg has received no financial assistance from CIPA/ITMA. IPReg is financially independent. |

### Overall comments

No comment

### Evaluation

The application meets the criteria and evidence for Section 2: Permitted purposes that must be provided for this section in each PCF application.

### Level of concern

No concern

**Section 3: Regulatory functions**

This section of the criteria refers to D10c D10d & D11c of the Practising fee Rules 2009.

| Criteria  | Yes or No | LSB Assessment   |
|---|-----------|--|
| Is there clarity and transparency of how the PCF income collected by practising fees is applied to permitted purposes which are <b>regulatory functions</b> (not representative)? | Yes       | In 2011 all income has been applied and in 2012 all income will be applied solely for the permitted purposes. All IPReg income is derived from PCF. Since January 2010 IPReg has received no financial assistance from CIPA/ITMA. IPReg is financially independent.  |
| Is there a description of shared services?  |           | In 2012 IPReg will continue to use the services of CIPA and ITMA for administration of its individual registers. The 2010 costs were reduced in 2011 by approximately 30% (from £20 per registrant to £15) and a further reduction has been proposed by the Institutes. The cost of this services in 2012 was c.£60k. The cost of the services in 2011 is expected to be c.£46k. |

| Criteria  | Yes or No | LSB Assessment                         |
|---|-----------|--|
| Is there clarity and transparency of how the PCF income collected by practising fees is applied to permitted purposes which are <b>not regulatory functions</b> ? |           | There are no non-regulatory functions. |

**Overall comments**

No comment

**Evaluation**

The application meets criteria and evidence for Section 3: Regulatory Functions that must be provided for this section in each PCF application.

**Level of concern:**

No concern

#### Section 4: Clarity and transparency

This section of the criteria refers to D10e of the Practising fee Rules 2009 & section 51(b) of the Act

| Criteria  | Yes or No | LSB Assessment  |
|---|-----------|---|
| <b>Consultation with members</b>  |           |   |
| Does the application include a description of their consultation undertaken with their members mandated to pay practising fees?                                       | Yes       | This year a full consultation process was conducted with individuals. IPReg received no response – this may be due to the fact that the individual fee remains unchanged for the previous year. A separate consultation process was conducted with entities with IPReg writing to approx 170 firms on the proposals to increase the entity fee by 50%.              |
| If yes, does the description of the consultation process include transparency and clarity of how the fee level has been set and how the money collected will be used? | Yes       | The consultation with individuals included publishing the budget/PCF levels consultation timeline on IPReg's website for a period of six weeks. A letter and note explaining the financial framework for the Licensing Authority application and the proposed increase to the entity fee was sent to each entity under the regulation of IPReg (approx. 170 firms). |
| If yes, does the application also include a description of how that feedback influenced the decision-making and policy development processes?                         |           | IPReg received three responses (one in support of the proposals; two who did not support the proposals on the basis that they were sole practitioners who consider that the advantages of ABS lie with larger firms and the PCF increase was disproportionate for them).  |

| Criteria  | Yes or No | LSB Assessment   |
|---|-----------|--|
| <b>Consultation with members</b>  |           |  |
| In terms of the level of information provided to members, does the application include the recommended use of the 'Council Tax bill' analogy and/or another form of web-based linked information? | Yes       | Included relevant information for consultation (see previous questions). |
| If yes, when was this information issued to the mandated members paying the practice fees i.e. as the fee note issued or shortly afterward?   |           | Information provided in the consultation process.                        |

#### Overall comments

No comment

#### Evaluation

The application meets the criteria and evidence for Section 4: Clarity and Transparency that must be provided for this section in each PCF application.

Level of concern:

No concern

## Section 5: Regulatory and Equality Impact Assessment (EIA)

This section of the criteria refers to D11f of the Practising fee Rules 2009

| Criteria  | Yes or No | LSB Assessment  |
|---|-----------|---|
| Does the application include a regulatory or diversity impact assessment?   |           | No  |
| If no, does the application include a description of how the proposals may potentially impact on various groups (this include the impact of increased fees if appropriate)?                           | Yes       | Prior to 1 January 2010, IPReg consulted extensively on the form/matrix for the PCF. The 2011 fee increase was applied equally across the entire regulated community. IPReg remains satisfied that the matrix is robust and fair and, particularly, now understood. After only two years any fundamental review would appear to be unwarranted especially in view of the proposed retention of the 2011 levels for individuals. |
| Does the application include a description of how the proposals have been developed in light of the Regulatory Objectives as set out in the Legal Services Act 2007 and Better Regulatory principles? | Yes       | The Business Plan 2012 includes a policy focus for 2012 on the RO.  |

### Overall comments

No comment

### Evaluation

The application meets the criteria and evidence for Section 5: Regulatory and Equality Impact Assessment that must be provided for this section in each PCF application.

Level of concern:

No concern

**Section 6: Consultation with non-commercial bodies and others**

This section of the criteria refers to D12 of the Practising fee Rules 2009 & Section 51 (7) (a) of the Act

| Criteria - non-commercial bodies   | Yes or No | LSB Assessment |
|--|-----------|----------------|
| Does the application include a description of steps the AR has taken to ensure the impacts of the persons providing non-commercial legal services have been considered when setting the fees?                  |           | No             |
| Has the AR shared details of the practising fee level with appropriate bodies such as the Law Centres Federation, Citizens Advice and Advice Service Alliance in advance of the submission of the application? |           | N/A            |
| Have the non-commercial bodies provided any response to the details shared to them by the AR?  |           | N/A            |

**Overall comments**

No evidence of consultation with non-commercial bodies. There is an array of business/inventor organisations and networks involved in the provision of IP services to businesses – the list of the British Library’s IP service partners illustrates some of these: <http://www.bl.uk/bipc/ourpartners/bycat/protideas/index.html/>. Some of these will be NFP but it seems that it is only really the commercial organisations that are likely to provide reserved services direct to consumers.

**Evaluation**

The application meets the criteria and evidence for Section 6: Consultation with non-commercial bodies that must be provided for this section in each PCF application.

Level of concern: **No concern**

**Final assessment and decision**

**Summary of LSB assessment - i.e. Approval and/or approval with conditions or rejection**

*We recommend that the level of the practising certificate fees as set out in the IPReg application for 2011/12 and supporting documents received 06 October 2011 (with additional information received 20 October 2011 and 25 October 2011), is approved. This decision is to be made under the authority delegated to the Strategy Director, which may only be exercised after taking advice from the LSB Chairman [NB: delegated authority to the Strategy Director is enacted in the absence of the Chief Executive who has delegated powers from the LSB Board to approve PCF applications].*

| Criteria - others   | Yes or No  | LSB Assessment  |
|---|------------|---|
| Have we considered if we need to consult with anyone else on this application?  | <b>Yes</b> | The LSB did not consider it necessary to consult any other group. |
| If yes, what consultation has taken place and with whom?  |            | N/A   |
| What was the outcome of this exchange i.e. Do we have any immediate concerns that has the potential to delay the approval of the application? |            | N/A   |

**Overall comments**

No comments

**Evaluation**

The application meets the criteria and evidence for Section 6: Consultation with others (if appropriate) that must be provided for this section in each PCF application.

Level of concern: **No concern**