

ACTUAL v BUDGET FOR YEAR ENDED 31 DECEMBER 2023

	Note	<u>Actual</u> £	<u>Budget</u> £
INCOME	<i>a.</i>	<u>1,184,104</u>	<u>1,106,462</u>
EXPENDITURE			
LEGAL SERVICES BOARD AND LEGAL OMBUDSMAN	<i>b.</i>	83,208	82,100
OPERATIONAL EXPENDITURE			
Board/Directors	<i>c.</i>	82,165	89,700
Conduct & Disciplinary incl. Assurance & Litigation	<i>d.</i>	55,630	42,500
Corporation Tax	<i>e.</i>	3,115	150
Diversity Initiatives	<i>f.</i>	15,300	17,000
Education & Projects	<i>g.</i>	6,275	5,000
Financial Expenses	<i>h.</i>	7,397	7,000
General Administration Expenses	<i>i.</i>	79,132	105,170
IT Support (office and website)	<i>j.</i>	105,257	87,500
Legal & Professional	<i>k.</i>	63,919	100,000
Legal Choices		5,800	5,800
PR/Communications		2,820	3,000
Staff Costs	<i>l.</i>	539,199	577,910
TOTAL EXPENDITURE		<u>1,049,217</u>	<u>1,122,830</u>
OPERATING BALANCE		<u>£134,887</u>	<u>-£16,368</u>

See notes overleaf

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Notes:

a. Income

	<u>Actual</u>	<u>Budget</u>
	£	£
Practice Fees - Attorneys & Entities	1,137,044	1,106,462
Other Income		
Interest Received	16,113	0
Late payment penalty fees	1,293	0
Licensed Body Application Fees	146	0
Role holder registrations	5,000	0
Costs awards/fines from Disciplinary cases	15,663	0
Education/Accreditation Recharge	5,485	0
Non UK Application fees	3,360	0
	<u>47,060</u>	<u>0</u>
	<u>1,184,104</u>	<u>1,106,462</u>

Budgeted Practice Fee Income for 2023 was calculated by applying a 6% increase to the estimate of the final practice fee income for 2022, including a provision for attorney admissions and a reduction for voluntary removals and removals in 2023.

Other Income - no estimate has been made for budgeted other income from bank interest and as per our usual practice, from role holder/licensed body applications and costs awards/fines from disciplinary cases as these are outside our control. Also included in Other Income is the recharge of costs for the review of the delivery of the implementation plan for the IPReg accreditation of patent and trade mark qualifications at Queen Mary University London.

b. Legal Services Board and Legal Ombudsman

	<u>Actual</u>	<u>Budget</u>
	£	£
LSB Levy	78,208	77,100
LeO/OLC Levy	5,000	5,000
	<u>83,208</u>	<u>82,100</u>

The LSB year end is 31 March, therefore the budget is made up of 2 levy years. The 2023 budget figure has been calculated by prorating the levy for 2022/2023 and taking a prorated proportion of an estimated levy for 2023/2024 (based on a similar 7.85% increase on the indicative levy for 2022/2023).

c. Board/Directors

	<u>Actual</u>	<u>Budget</u>
	£	£
Replacement of Board Members	3,600	5,000
Directors' Remuneration	70,185	67,100
Travel & Subsistence	4,581	13,400
Employer's National Insurance	3,799	4,200
	<u>82,165</u>	<u>89,700</u>

Board members are also directors of The Intellectual Property Regulation Board Limited.

Fees - remain at the same level as 2020.

Travel & subsistence - an estimate for travel and subsistence (grossed up and paid through payroll) to attend all board meetings in person is shown separately and not part of Directors' Remuneration for transparency.

Additional fees charged by directors have been allocated where applicable to the relevant budget lines and are not shown as part of Directors' Remuneration.

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Notes (continued):

d. Conduct & Disciplinary incl. Assurance & Litigation

	<u>Actual</u>	<u>Budget</u>
	£	£
External Legal costs and hearing costs	50,683	35,000
Recruitment/training of panel members	4,947	7,500
	<u>55,630</u>	<u>42,500</u>

e. Corporation Tax

Corporation Tax is payable on interest received which is higher due to the increase in interest rates (see Interest Received in note a.).

f. Diversity Initiatives

	<u>Actual</u>	<u>Budget</u>
	£	£
Donations	15,300	7,000
Diversity Survey	0	10,000
	<u>15,300</u>	<u>17,000</u>

g. Education & Projects

Education includes the costs that were recharged to Queen Mary University in respect of the review of the delivery of the implementation plan for the IPReg accreditation of patent and trade mark qualifications (see note a.).

h. Financial Expenses

The largest component of the Financial Expenses budget line relates to commission on card transactions.

i. General Administration Expenses

	<u>Actual</u>	<u>Budget</u>
	£	£
Licence & Services	79,200	82,170
Other Office Costs	19,353	23,000
Write Back of Provision against the recoverability of costs awards	-19,421	0
	<u>79,132</u>	<u>105,170</u>

Licence & Services - the budget estimated a 5% increase when the licence & services agreement expired at end of March 2023, however we were able to extend our licence to March 2024 with no increase.

The write back of the Provision against the recoverability of costs awards - in 2021 and 2022 provisions totalling £28,194 were made against the recoverability of fines and costs awards. The amount recovered in 2023 has been written back and coupled with a provision made in respect of the recoverability of a cost award arising from a disciplinary case in 2023 of £8,373, has resulted in a write back of £19,421.

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Notes (continued):

j. IT Support (office and website)

	<u>Actual</u>	<u>Budget</u>
	£	£
Support	10,725	13,500
CRM - Operational	23,838	14,000
CRM - Enhancements	70,694	60,000
	<u>105,257</u>	<u>87,500</u>

CRM - Enhancements - budgeted expenditure in respect of the website redevelopment & enhancements arising from the regulatory arrangements review.

k. Legal & Professional

	<u>Actual</u>	<u>Budget</u>
	£	£
Legal & Professional Costs	36,444	20,000
Actuarial and Legal Costs in respect of Compensation Fund	14,800	30,000
Recruitment for case examiners and other associated fees	0	20,000
Review of Regulatory Arrangements	10,822	30,000
Data Gathering Exercise	1,853	0
	<u>63,919</u>	<u>100,000</u>

Legal & Professional Costs - Review of regulatory arrangements covers anticipated expenditure in respect of advice on diversity, advice on Professional Indemnity insurance, costs and other ancillary costs.

l. Staff Costs

	<u>Actual</u>	<u>Budget</u>
	£	£
CEO	91,210	88,410
Regulatory Officers	299,821	321,700
Administrative Staff	81,064	77,250
Employer's National Insurance	47,879	62,400
Pension Costs	11,227	13,150
Staff Benefits	7,338	10,000
Staff development and training	660	5,000
	<u>539,199</u>	<u>577,910</u>

Staff costs - the 2023 budget has a projected increase of 5% for current IPReg staff salaries. Staff salaries increased by 9.3%.

Staff figures for the Regulatory Officers were based on the estimates to implement the proposed restructure which is now in place and is slightly different to the budgeted plan.

Employer's National Insurance - the budget included the additional 1.25% Health & Social Care Levy which was withdrawn by the Government.