

Application by the Patent Regulation Board and the Trade Mark Regulation Board to the Legal Services Board under the Legal Services Act 2007 (section 51) for approval of practising fees for 2025

I. Summary and overview

This section asks for background information relating to the proposed PCF.

- Briefly summarise the proposed fee structure and levels and state whether the proposal is for an increase, decrease or no change to the PCF relative to the previous year. Include an explanation of why the fee level has changed (if applicable).

1. This application requests the approval of the practising fees for 2025 for individual attorneys and for regulated firms.
2. The proposal for the practising fees for 2025 is for a 3% increase for both individual attorneys and regulated firms with the exception of the not in active practice fee category which, for the second year running, will not be increased. There are around 119¹ attorneys in this category² for reasons such as retirement, long term sickness, career breaks, maternity or caring breaks. In the Board's judgement, there may be a positive EDI impact if these fees are not increased. The proposed 3% increase is slightly above the most recent CPI figure of 2.2% in the 12 months to July 2024. This level of increase will increase practising fee income from the budgeted income for 2024 of £1,247k to £1,330k for 2025 (an increase of £83k). At its July 2024 meeting, the IPReg Board considered different scenarios for setting the 2025 fees and the draft Business Plan for 2025/2026. The fee options were: reducing fees by 2%; holding fees level; or increasing fees by 4%. These scenarios would have resulted in a projected operating deficit of between £0.8k (2% reduction) and operating surpluses between £24.9k and £75.8k for the other scenarios. Any operating deficit would have to be funded from our reserves. The IPReg Board agreed that its Business Plan is already ambitious, particularly its work on education which includes:
 - a. Assessing the impact of the changes to the patent attorney European Qualifying Exams (EQE) on our approach to exemptions from the final diploma exams set by the Patent Examination Board (PEB);
 - b. Widening participation in the patent attorney profession and improving its diversity;
 - c. Reviewing the Accreditation Handbook which sets out our approach for accrediting providers of attorney qualification training courses and outlines the core syllabus for the foundation level qualification;
 - d. Our work with stakeholders on the feasibility of developing an apprenticeship route to becoming a patent attorney.

This is a very full programme of work and therefore the IPReg Board is not proposing to include any new areas of work (other than those required by the Legal Services Board).

3. The IPReg Board considers that the impact of inflation on expenditure must be accounted for in the budget and that reserves are sufficient to deal with unexpected events. The IPReg Board determined that, in its judgement, an increase of 3% would enable it to achieve its Business Plan objectives which are, in its judgement, the most appropriate way for IPReg to meet the regulatory objectives in the Legal Services Act 2007 (LSA). The 2025 budgeted income has been calculated by applying an 3% increase to an estimate of the final level of 2024 practising fee income and includes an adjustment for attorney admissions and

¹ As of 30 August 2024

² As of 1 April 2024

voluntary/other removals. In addition, we have made an estimate for other income from bank interest and from role holder/licensed body applications based on the average over the last three years.

4. IPReg will retain the ability to waive practising fees for attorneys who are facing financial hardship. This was introduced for the 2021 practising fees as a result of the Covid-19 pandemic for attorneys who had been made redundant or were furloughed and the waiver was retained in 2022. For the 2023 practice fee renewals, the IPReg Board broadened the waiver to include attorneys suffering hardship for other reasons. There were three fee waiver applications in 2024 of which two were granted. The rejected applicant did not provide sufficient evidence of hardship and subsequently renewed their registration paying the full fee.
5. The IPReg Board also consulted on one other proposal:
 - a. Abolishing the fee paying category “Registered attorney practising as a sole trader and employing other registered attorneys or other professionals”. There is currently one attorney in this category. The reason for proposing the abolition of this category is that our understanding is that the category was originally created to cater for a much larger number of attorneys who practised in this way. Over time, those people have either ceased to practise or they have changed their business model and set up a limited company. We contacted the attorney concerned to talk through the impact of the proposed change and have offered to assist them once they decide how to change the firm’s structure. We have provided details of their response to the LSB separately as it is commercially confidential. We can confirm that we want to proceed with the abolition of this fee paying category. We also emailed all 110 sole traders separately to draw their attention to the proposal, in case there are additional people in this category that we are not aware of; we have not identified anyone else who is affected. It is unlikely that there will be much impact on IPReg’s income or on attorneys themselves.
 - b. The consultation document also explained that although the current categories of fee payers may not reflect all the different ways in which attorneys currently work we suggested, as part of our review of regulatory arrangements, that we could consider whether the categories should be changed. There were mixed responses to that suggestion and so it was not taken forward as part of the review. Because around 85% of attorneys work in private practice and have their fees paid by their employer, the IPReg Board has decided that it is not necessary to pursue changes to fee paying categories.
6. The proposed level of practising fees and the draft Practice Fee Regulations can be found in Annex 1 and Annex 2 respectively; these were both included in the consultation document (which is reproduced Annex 3 of this application).

An application by the approved regulator must satisfy the LSB of all the matters in Rule 29 for the LSB to approve the PCF. Rule 30 provides that if the approved regulator fails to satisfy the LSB of any of the matters in Rule 29, the LSB may refuse to approve the entire or part of the practising fee and/or require the approved regulator to resubmit the application addressing the matter(s) set out in Rule 30.

- Explain the arrangements in place for the continued operation of the approved regulator in the event that the practising fee is not approved and as a consequence, collection of practising fees is not authorised within the intended timeframe.

7. In the event that the application is not approved within the intended timeframe, IPReg would use its uncommitted reserves to finance its activities. At its meeting in July 2024, the IPReg Board decided to allocate an additional £50k to the General Contingency reserve to achieve its aim of having approximately 3 months' operating expenditure (£320k) in the event that we are unable to collect the practising fees. Our Reserves Policy is at Annex 4. Our Reserves Policy specifically addresses this point, and more detail is provided later in this application in Section IV on Reserves.

- Please state how this application addresses concerns raised by the LSB in the previous year's PCF application, or under the regulatory performance assessment framework (if applicable).

8. The following comments were made in the LSB's 2024 practising fee decision letter, and the actions taken by IPReg are noted below:

a. Keep [the LSB] updated on the timings of any review that it proposes to undertake in practice categories.

Action taken by IPReg: - see paragraph 5b where we have explained to registrants that the Board has decided it was not necessary to pursue changes to the practice fee categories.

b. Continue to demonstrate its commitment to providing full information around how the benefits of the various activities funded by the practising fee will be assessed.

Action taken by IPReg:

- i. IPReg uses various forms of communication to inform our stakeholders about our activities:
 - Emails to the regulated community and other stakeholders such as CITMA, CIPA, the IP Federation, IP Inclusive and the IP Practice Directors' Group);
 - Webinars e.g. those on changes to the regulatory arrangements, continuing competence and transparency and costs information;
 - News items on the website;
 - Minutes of Board meetings are published on the website together with Board papers;
 - The annual consultation on the following year's Business Plan and proposed practice fees to finance those activities;
 - The Annual Report which details IPReg's regulatory performance and activities as well as its income and expenditure.

- ii. Assessment of benefits and impacts
 - The annual Business Plan sets out the projects that the Board has decided are, in its judgement, the most appropriate way for IPReg to meet the regulatory objectives in the Legal Services Act 2007 (LSA) during the following year and the rationale for undertaking those activities;

- Consultations are undertaken on all proposed changes to regulatory arrangements. These set out the rationale for the proposals as well as potential benefits and impact assessments. Depending on the feedback, the proposals may be amended;
- We have identified that we could be more consistent with publishing on our website how we have taken into account the responses to consultations;
- Additionally, we make use of thematic reviews to assess the effectiveness of new arrangements. The results will be published together with examples of good practice and any guidance will be amended if necessary.

- If any potential issues were identified in informal engagement with the LSB prior to the submission of an application, please state these, and how they are addressed, in the application.

9. IPReg submitted a draft application to the LSB on 13 September 2024. In its reply the LSB queried whether IPReg intended to use any income from the annual practising fees for its compensation fund. IPReg confirmed that there would be no changes to the compensation fund in 2025 and have confirmed this in paragraph 42(b) of this application. The LSB confirmed that they had no high-level issues that they wished to bring to our attention.

II. Allocation of practising fee to permitted purposes (rules 8, 14-16)

Section 51(2) of the Act makes clear that an approved regulator may only apply amounts raised by practising fees for one or more of the *permitted purposes*. Further, as a regulatory function the level of the PCF must be set and applied for by the approved regulator in accordance with section 28 of the Act.

- Provide an outline and explanation of the programme of activity³ to be funded by the PCF during the practising fee year and which permitted purpose(s) each activity within the programme of activity is relevant to.
- For approved regulators with both representative and regulatory functions, set out the amount of the practising fee which will be allocated to the regulatory body and the amount to be retained. Where there are shared services between the approved regulator and the regulatory body, it should be made clear the costs that are shared services and the basis of the apportionment of cost.
- A template for setting out this information is provided below, which is optional to use.

Description of activity	% of total practising fee (and actual figure) allocated to activity	Permitted purpose	Strategic objective it is relevant to/ or expected benefit	Representative or Regulatory activity
e.g.				

³ 'Programme of Activity' is defined in the Rule 1 (Definitions) as the activities which the approved regulator intends to carry out during the practising fee year and will be funded, in whole or in part, by the practising fee.

- Pursuant to Rule 16, if any amounts raised by the PCF will fund an activity for multiple purposes, one or more of which is not a permitted purpose, please explain the basis on which the approved regulator is satisfied that the funding of that activity is nonetheless in compliance with section 51(2) of the Act.
- Description of how the activities that the fee will be applied to which are regulatory functions are consistent with the regulatory objectives (as far as reasonably practicable).

10. The proposed 2025 budget is attached at Annex 5. The Actual v Budget comparison for the year ended 31 December 2023 is included as Annex 6. We have made changes following the consultation and these are set out in paragraph 47 of this document. The draft 2025/26 Business Plan and the proposed 2025 Budget were included in the consultation. There was general support for it from respondents to the consultation and we have made some changes to it as a result of the consultation and other events. These are shown tracked at Annex 7.

11. In relation to the points that the LSB has set out:

- a. IPReg is a regulatory body and all the income we receive is therefore only used for permitted purposes;
- b. The income is allocated to carry out IPReg’s regulatory functions which are all permitted purposes;
- c. IPReg is self-funding. IPReg does not remit any portion of the fees to either CIPA or CITMA, nor does it rely on either CIPA or CITMA to provide any shared resources or services;
- d. As in previous years, the 2025 Budget includes some budget lines for which specific reserves have been set aside e.g. funding diversity initiatives. This is our normal practice when projects are clearly identifiable, and this approach allows us the flexibility that we need as a small organisation in the way that we budget. It should be noted that the 2025 budget is set at a level which will generate an operating surplus which may be used to increase our reserves. This budgeted surplus and the reserves will allow us to absorb any unanticipated costs that may occur. This is particularly important given the wide ranging nature of the work we plan to undertake on education. In addition, we have noted that the external costs associated with disciplinary cases (the number of which we cannot predict) are increasing generally. In a change from previous years, we consider that it is appropriate to include an estimate for income from bank interest and from role holder/licensed body applications based on the average over the last three years. The IPReg Board makes a decision on reserves, risks to consider and then what adjustments should be made to reserves, after the preceding year’s financial results have been finalised and approved (normally at its July meeting) (Annex 8);
- e. IPReg wants to be transparent about the way that practising fees are allocated to different activities. In July 2024, we recruited a Head of Education Review to lead our work on education. There are now

8 members of the team, of which 6 work part time and 2 work full time; we also have external support for data monitoring/evidence gathering/horizon scanning. As in previous applications, it should be noted that as a small team working across a range of activities, it is more difficult to apportion costs than in a larger organisation with roles dedicated to specific activities. Nevertheless, we have made the following changes to reallocate staff costs to the activity that best describes their role – see the table below. Where a proportion is allocated, the applicable percentage is shown. The amount allocated includes the salary and applicable proportion of employers’ National Insurance.

Staff	Allocated to Activity	Proportion of Costs incl: Employers NI
Chief Executive	Policy & Governance	80%
	Resources	20%
Regulatory Officers ⁴	Policy & Governance	100%

Please note: all other staff costs including administrative staff salaries, Directors’ remuneration, related employers’ National Insurance, staff benefits, and pension costs are included in the Resources section in the table below;

- f. A table showing how the 2025 budgeted expenditure is allocated including items that may be covered from ring-fenced reserves is set out below. Please note:
- The letters (a) - (f) used for the permitted purposes in the table below correspond to those in s51(4) of the Legal Services Act (LSA) which forms the basis of Rule 8 of the LSB’s Practising Rules;
 - The numbers used for the regulatory objectives (R01 etc) correspond to the LSB’s paper on Regulatory Objectives taken from the LSA’s Regulatory Objectives. Please see Annex 9 for a list of the regulatory objectives;
 - The 2025 budgeted expenditure total is £1,297,950;
 - All our operational costs are required in the performance of the planned activities which fulfil our statutory duty to, so far as is reasonably practicable, act in a way which is compatible with the regulatory objectives, and which the IPReg Board considers most appropriate for the purpose of meeting those objectives.

⁴ These are: Head of Registration, Director of Policy, Education and Diversity Officer; Compliance and Authorisations Officer, **Head of Education Review** and external support for data monitoring/evidence gathering.

Description of activity	% of total practising fee (and actual figure) allocated to activity	Permitted purpose	Strategic objective it is relevant to/ or expected benefit	Representative or Regulatory activity
Policy & Governance incl. Conduct & Disciplinary, Diversity Initiatives, Education & Legal Choices. Also included are all regulatory officers' salaries as well as 80% of the CEO salary and the related Employers National Insurance as an apportionment of time spent on policy and governance	55.41% £719,245	(a)	Core regulatory activity	All ROs
Resources incl. Directors' Remuneration, Administrative Staff Salaries, balance of CEO salary and other associated staffing/directors' expenses (related National Insurance, benefits, pensions etc.)	20.09% £260,805	(a)	Core operational activity	Enables all ROs
Operational Costs incl. Corporation Tax, Financial Expenses, General administrative Expenses, IT Expenses, CRM Expenses and Legal and Professional	15.75% £204,450	(a)	Core operational activity	Enables all ROs
Legal Services Board and Legal Ombudsman Levy	7.97% £103,450	(b)	Core regulatory activity	RO1, RO3, RO4
PR/Communications	0.77% £10,000	(a)	Core regulatory activity	RO4, RO6., RO7

12. Our draft Business Plan 2025/26 was included in the consultation document (Annex 3) and sets out the following key activities for 2025.

Driving forward our work on Education (see paragraphs 5 to 11 of the consultation document)

13. The IPReg Board wants to maintain the momentum it has built up on education issues and to support and drive initiatives to improve equality, diversity and inclusion in the professions. In addition to our policy work on education, we will continue to sponsor organisations that support and encourage young people into STEM (science, technology, engineering and maths) careers.

14. We identified some regulatory policy concerns in the route to qualification for patent attorneys (particularly at the advanced level). During 2024, we have been considering the most appropriate way to take this work forward. There are a number of different, inter-dependent elements to the work, and we have recruited a Head of Education Review (in the same way that we did for the review of our regulatory arrangements) to ensure that project runs smoothly; she started work in September 2024. Stakeholder engagement will be crucial to ensuring that the proposals we put forward have widespread support. We anticipate that, in addition to bi-lateral meetings, we will set up focus groups to discuss specific topics. This work is likely to continue for at least 3 years. The Head of Education Review will develop a detailed project plan that sets out the work that we will undertake; this will be published on our website.

15. The European Patent Institute (**epi**) has introduced wide ranging changes to the way in which the European Qualifying Examinations (**EQEs**) are structured. These changes will be introduced between 2025 and 2027. Currently, IPReg's regulatory arrangements provide that passing EQE papers A and B provides exemptions

from the Patent Examination Board's (PEB's) final diploma FD2 and FD3 exams. We therefore need to evaluate the changes to the EQEs in order to establish how our regulatory arrangements need to change to ensure that exemptions can continue to apply (and, possibly, expand) and what transitional arrangements will need to be put in place. In 2024, we started working with Julia Gwilt (Chair of the epi Professional Education Committee) to map the new EQEs onto IPReg's competency framework. We realise the importance of providing as much certainty as possible to candidates and employers about our future approach. We will consult on the changes that are necessary and will take forward a rule change application to the Legal Services Board once we have considered the responses to that consultation. We will develop more information about timing during 2024 and continue the work into 2025. As a result of changes that have been proposed by the Patent Examination Board (PEB) for changes to all its Final Diploma exams, it is likely that we will have to undertake a full reaccreditation assessment of those exams. We understand that the PEB will be conducting a further consultation in September 2024 at which point we will be able to establish with more certainty the nature of the proposed changes and what this entails for the accreditation process.

16. In 2024 we joined other stakeholders to collaborate on exploring the feasibility of establishing an apprenticeship route to qualification as a patent attorney. This will include developing the knowledge, skills and behaviours required to qualify and this work is likely to inform our review of the Competency Framework for patent attorneys. We will also review the trade mark attorney competency framework as a standalone project.
17. We will continue our work with education providers to ensure accreditation recommendations and quality assurance mechanisms are in place so that courses and examinations meet required standards. Reaccreditation assessments will be undertaken as required (typically every 5 years);
18. We will review of the Accreditation Handbook which sets out the requirements for qualification agencies to deliver qualification courses and/or examinations. This work will be extended to include the advanced level qualifications.
19. This level of planned work will require significant input from external advisers (academics, qualified attorneys and analysts with expertise in education syllabi). The IPReg Board has allocated a budget of £85,000 to support all the work outlined above on education.
20. This activity supports the regulatory objectives in the LSA of: (i) encouraging an independent, strong, diverse and effective legal profession and (ii) promoting and maintaining adherence to the professional principles.

Updating our impact assessment of the 2023 regulatory arrangements (see paragraph 12 of the consultation document)

21. IPReg's new regulatory arrangements came into force on 1 July 2023. The proposed thematic reviews on continuing competency and transparency will provide evidence of the effectiveness of the new arrangements.
22. In 2025 we will review the impact of the new arrangements by updating the impact assessment. We will publish the revised impact assessment and ask for views on it from our stakeholders.
23. This work supports all the regulatory objectives in the LSA.

Thematic Reviews (see paragraphs 13 to 14 of the consultation document)

24. In 2024, we are conducting a thematic review of the new continuing competence requirements to identify the extent to which they have been embedded, identify any barriers to compliance with them and provide examples of good practice. Depending on the outcome of that review, a further review may need to be conducted in 2025. We started this exercise in August 2024 and chose a random sample of 162 attorneys to participate. The results show a good degree of understanding of the new requirements with some very positive examples of good practice by attorneys. We will publish the outcome of the review together with examples of good practice. This should help those attorneys who did not provide adequate records to improve the way they consider and record their continuing competence activities.
25. Later in 2024 we will be conducting a thematic review of the new transparency requirements. These require firms and sole traders to provide better information to clients and prospective clients about costs. The new rules require that attorneys give appropriate explanations to their clients about any financial benefits that they receive as a result of the work that they do. This includes commissions, foreign exchange rate uplifts or discounts or rebates. Attorneys also need to inform their clients about any referral arrangements in place such as payment of a referral fee and fee sharing arrangements. Although it will be for attorneys/firms to decide how to provide this information, it must be clear, accurate and sufficient to enable clients and prospective clients to make informed decisions about who to instruct. We will be conducting this review in the second half of 2024 and plan to publish a report on its findings and lessons learned early in 2025.
26. During 2025, we will continue to assess applications for admission to our professional indemnity insurance (PII) sandbox. This enables testing alternative PII arrangements by providing a way for firms or sole traders to obtain PII from insurers who are not on IPReg's list of participating insurers. This will then enable them to apply to be admitted to, or remain on, the IPReg registers and be regulated. It may also be of interest to firms who are able to obtain cover from a participating insurer but who want to make alternative arrangements (perhaps for commercial reasons). We will continue to monitor closely how the sandbox is working throughout 2025. Depending on the nature and extent of applicants and entrants, we will conduct a thematic review of how the sandbox is working towards the end of 2025.
27. This work supports all the regulatory objectives in the LSA.

Building our evidence base (see paragraphs 15 to 17 of the consultation document)

28. In addition to the data and evidence gathering outlined above, IPReg will continue to gather data and evidence on the nature of the IP legal sector. This work is supported by an external expert in research in the legal sector. He also provides a horizon scanning update with recommendations to each Board meeting.
29. This supports all the regulatory objectives in the Legal Services Act 2007 (LSA).

Diversity (see paragraphs 18 to 22 of the consultation document)

30. We will continue to work with, and contribute to, the cross-sector work on EDI. This will enable us to learn from stakeholders in the IP sector and other regulators. We will share our research and experiences and work towards a collective approach to gathering data, identifying barriers to entry to the legal profession and the sector's approach to designing, implementing and evaluating regulatory interventions.
31. This supports the regulatory objective of encouraging an independent, strong, diverse and effective legal profession.

[Responding to the LSB consultations and related work \(see paragraphs 23 to 25 of the consultation document\)](#)

32. The LSB Quarterly Activity Schedule for 2024/2025 and the LSB Business Plan for 2024/2025 both have a significant number of issues that IPReg will need to engage with and respond to.
33. This activity supports all the regulatory objectives in the LSA.

III. Financial information (rule 17)

This information must be prepared on the basis of accruals rather than cash, if reasonably practicable.

- **Income and expenditure forecasts**, including practising fee income, for the year in which the PCF will be levied. Where the approved regulator expects a material change in circumstances the income and expenditure forecast will need to cover three years from and including the year in which the PCF will be levied. The income and expenditure forecast should incorporate:
 - total income from all sources (PCF income and other sources), including any commercial income arising from PCF funded permitted purposes.
 - anticipated expenditure, including the payment of levies imposed on the approved regulator and expenditure on non-permitted purpose activities.
 - summary of how the budget was arrived at, including any consultation between the regulatory and representative arms.
- **Financial information for the previous year and actual expenditure**, including a comparison of actual and budgeted income and expenditure. Financial information provided for the previous year should include:
 - forecasted budget and actual expenditure and income
 - PCF income collected and a breakdown of how it was allocated or spent by activity.
 - an explanation of any variation in total PCF spending.

2025 Budget

34. The 2025 Budget (see also paragraph 47 of this document on “Changes to budget”) showing income and expenditure is included in Annex 5 which also shows the comparative 2024 budget. The following points should be noted:
 - a. Other than an increase in the level of practising fees, the Board does not expect any material change in income and expenditure. Given the level of uncertainty about the economic environment over the next few years, the Board does not consider it prudent to forecast its expenditure for 2026 and 2027.

We have therefore relied on paragraph 61 of the LSB's Practising Fees Guidance and not provided any forecasts for 2026 and 2027;

- b. The budget is prepared using the accruals basis as is our normal practice. All figures are inclusive of VAT; IPReg is not registered for VAT because all our income is either exempt from VAT or is non-business and non-taxable (this approach is consistent with paragraph 62 of the LSB's Practising Fees Guidance);
- c. The budgeted income is mainly from practice fees. However, in a change from previous years, we have made an estimate for other income from bank interest and from role holder/licensed body applications based on the average over the last three years. We consider that an estimate of the level of this "other income" should be included given that the bank interest we receive has been considerable when rates have been high;

35. Practising fee income:

- a. The 2025 budgeted practice fee income has been calculated by applying a 3% increase to an estimate of the final level of 2024 practising fee income and also includes an evidence-based estimation for attorney admissions and voluntary and other removals. The estimated net growth in attorneys is 109. No estimate has been made for practising fees from new firms being registered/licensed - this is unquantifiable because decisions on whether and when to enter the market are not within IPReg's control;
- b. The number of attorneys on the registers at 1 April 2024 was 3,596 and the number of entities on the register at 31 December 2023 was 257.
- c. IPReg has the discretion to waive practising fees for attorneys who are facing financial hardship under our broad waiver power in the new regulatory arrangements. This was introduced (in the then Practising Fee Regulations) for the 2021 practising fees as a result of the Covid-19 pandemic for attorneys who had been made redundant or were furloughed and was broadened in 2022 to include attorneys suffering hardship for other reasons.

36. Other Income – as noted in paragraph 34c we have estimated income from bank interest and from role holder/ licensed body applications based on an average over the last three years. No estimate for costs awards/ fines from disciplinary cases has been included because these are determined on a case-by-case basis by an independent panel and are therefore outside our control.

37. All expenditure is on permitted purposes. In particular:

- a. LSB Levy: the budget comprises levy figures from two different levy periods as the LSB financial year is to 31 March. When IPReg consulted on the 2025 budget, IPReg had not received any indication of the levy to 31 March 2025 (2024/2025) from the LSB. IPReg therefore applied a 9.87% increase to the 2024/2025 levy (the increase between 2022/2023 to 2023/2024 levies) to estimate the levy to the year ended 31 March 2025. A similar increase was applied for the levy to 31 March 2025 and the prorated figures for both levy years were calculated to represent our financial year resulting in a levy charge of £95,150. The indicative levy for the year ended 31 March 2025 has now been confirmed by the LSB and IPReg's share represents 1.7% of all authorised persons across all Approved Regulators. The percentage of authorised persons remains the same as the figure used for the 2023/2024 levy however the indicative levy is 12.5% higher. We have updated the levy budget line using the indicative levy and applied a similar percentage increase for the following year resulting in an increase in the budget line to £98,450 (£3,300 increase over the amount in the consultation);

- b. LeO/OLC levy remains at £5,000. This is the lowest possible amount and reflects the fact the LeO/OLC receive very few complaints about IPReg-regulated attorneys and firms (there have been none in the past three years);
- c. Education costs largely related to the planned work as noted in paragraphs 13 to 20. The 2024 budget line was adjusted to move some of the costs to staff costs following the decision to recruit a Head of Education Review to take the work forward.
- d. The diversity initiatives budget line reflects our commitment to support diversity initiatives through donations to organisations driving forward EDI work in the sector.
- e. General administration costs include increases due to the rate of inflation but also reflects the reduction in costs following the move to a smaller office from October 2024;
- f. IT Support reflects the reduction of CRM website redevelopment and enhancements following the completion of the website redevelopment project.
- g. Legal & Professional includes the budgeted costs in relation to thematic reviews and actuarial and legal costs in respect of the compensation fund.
- h. Legal Choices includes IPReg's contribution to the running costs of the Legal Choices website (£6,600) and £25,000 in respect of an estimate of IPReg's additional share of the costs of the development and maintenance of a Regulatory Information Service required by the LSB.
- i. Staff salary costs has a projected 5% increase from January 2025. This is discretionary and the Board will review the annual CPI increase and make a decision on the level of award. The impact of a change to the budgeted increase is to alter the budget lines for salary and employers National Insurance (also dependent on any changes made by the Government). Pension costs are based on the qualifying earnings for employees which means there is a maximum contribution that can be paid for some staff members.

38. Development of the budget:

- a. The budget was developed following consideration of the business objectives that had been prioritised for 2024;
- b. The Board considered the level of any proposed increase as well as the proposal to hold fees level or to reduce fees. However, in order to undertake the programme of work, in recognition that IPReg's own costs will increase as a consequence of inflation and to maintain reserves, the Board considered a 3% increase to be proportionate.

Financial information for the previous year and actual expenditure

39. The audited financial statements for the year ended 31 December 2023 can be found at [Companies House](#). Also included is an Actual v Budget comparison in Annex 6. The results for the year returned an operating surplus of £134,887. This was more favourable than the surplus shown on the projection provided with the 2024 practising fee application and the deficit shown on the original 2023 budget. This was largely due to:

- a. The income from practising fees was higher than budgeted as a result of a higher number of admissions to the registers (220 and we had estimated 160);

- b. Other Income received – no estimate was included in the 2024 budget because it is outside our control (e.g. licensed body application fees, costs awards from disciplinary cases, education/accreditation recharge);
- c. Some expenditure budget lines e.g. legal and professional costs, staff costs and general administrative costs were less than budgeted.⁵

These factors enabled IPReg to absorb any increase from other budgeted expenditure lines without the need to call on reserves.

40. The financial information provided is for 2023. We have also included an actual v budget comparison for the six months ended 30 June 2024 and a projection to the end of the year (Annex 10).⁶

41. The following points should be noted in relation to the financial position for 2024:

- a. The renewals process is undertaken in the first three months of the year and accounts for approximately 98% of total practice fees. The actual practice fee income for the six months includes admissions. Budgeted income for the six months to 30 June 2024 is calculated as 99% of the total annual budget line. As noted in paragraph 36, fees from new entities and income from other sources were not included in the 2024 budget;
- b. The projection to 31 December 2024 includes:
 - i. The practising fee income is a projection of the practising fees that could be collected by the end of the year;
 - ii. Projections of costs to the end of the year.
- c. The notes to Annex 10 include some detail about these figures and we have also set out below explanations for the variances of more than 5% between projected 2024 expenditure and budgeted 2024 expenditure:
 - i. Conduct and Disciplinary including Assurance and Litigation – variance of £52,310 over budget, which is made up of external costs and hearing costs for all ongoing complaints and estimates legal and hearing costs for case examinations and disciplinary hearings (if referred by the independent case examiners). IPReg had budgeted at the same level as in the previous three years which our experience has shown is a reasonable approach;
 - ii. Corporation Tax – IPReg pays corporation tax on the interest received. Due to interest rate increases, the projection for tax is higher than when the budget was prepared;
 - iii. Diversity Initiatives – variance of £1,840 under budget. The projection for the diversity survey costs is less than budgeted. IPReg has exceeded the budget for initiatives to promote diversity of £7,000. To date, IPReg has provided £800 to support IP Inclusive’s 2024 Careers in Ideas mentoring hub running costs and £10,000 to In2Science to support 10 young people through their 2024 work placement programme;
 - iv. Education – variance of £2,600 under budget. As noted in paragraph 14 and 37c and also note g in Annex 10, the 2024 budget has been adjusted for costs that have now been allocated to a

⁵ Please see the notes to Annex 5 for a more detailed explanation.

⁶ The Board considers this information on a quarterly basis so this is the most recent information available.

staff member to oversee the review of education which have now been reallocated to Staff Costs. The remainder of the budget includes £22,600 in respect of external costs to consider the regulatory policy issues regarding the development of different routes to qualification particularly for the patent attorney qualification, accreditations, review of the Accreditation Handbook and review of the Competency Frameworks;

- v. General Administration Expenses – variance of £16,877 under budget, see note i in the Annex 10. The budget provided for an increase in the licence and service fee when the office licence agreement was renewed in March 2024, however we negotiated an extension to the licence to the end of September with no increase. We will be moving to a smaller office with lower costs from October 2024;
- vi. IT Support (office and website) – this is £17,378 under budget as CRM enhancement expenditure for the website redevelopment project is projected to be less than anticipated;
- vii. Legal and Professional – variance of £58,000 over budget. This reflects unbudgeted costs redrafting IPReg Limited’s Articles of Association, external HR assistance, external consultancy for the Risk Working Group, updating legal notices on the website and the Board effectiveness review;
- viii. Staff Costs – variance of £40,542 under budget. The budget was adjusted to incorporate costs previously shown on the Education budget line (see paragraph 14, 37c, point iv. above and note I. in the Annex 10) for a new staff member to oversee the review of education.

IV. Reserves (rules 18-22)

An approved regulator must hold any reserves generated from surpluses of the practising fee separately from any other funds.

- Explain the reserves policy. In particular, this should address:
 - how the target for the level of reserves is set and managed
 - the different types of reserves held, which must clearly distinguish practising fee reserves from other reserves
 - the target level for committed and uncommitted reserves
 - how the approved regulator will manage any accumulated reserves to date.

If there was any variance at the end of the previous year between the target level of reserves and accumulated reserves, please provide an explanation of how this has been taken into account as part of this application.

42. IPReg’s Reserves Policy is included in Annex 4:

- a. The policy explains the Board’s approach for setting and managing the level of reserves. It is important to note that the reserves have been built up over time from practising fees and other regulatory activities (e.g. licensing application fees);

- b. IPReg considers that the Compensation Fund Reserve falls within the scope of the LSB’s concept of “committed” reserves since it fulfils a statutory duty to provide compensation arrangements. This reserve is currently £100k. Following actuarial advice that this amount is appropriate for our compensation fund, we are not proposing to alter the level of this reserve. Setting up the fund initially from our reserves was estimated by our actuary to have cost a notional £7 of each attorney’s practising fee.⁷ To date, we have not had any claims on the fund;
- c. The Board considers that its Business Plan objectives are, in its judgement, the most appropriate way for IPReg to meet the regulatory objectives in the LSA. The balance of the reserves is considered “uncommitted” and the IPReg Board will adjust or re-allocate them as appropriate in accordance with Directors’ duties under the Companies Act 2006.
- d. We have continued with the approach we adopted in 2023 to have a General Operational Reserve rather than a number of ring-fenced, project-specific reserves. This reserve is available to cover any unexpected costs on any workstream or expenditure, to increase the Compensation Fund subject to an annual review and also to cover any shortfall on the other reserves if required. This is an approach that our auditors are content with. In July 2024, the IPReg Board reviewed the “uncommitted” reserves and on assessing potential risks, decided to transfer £140,000 from Income & Expenditure and reallocating it to the following reserves as:
 - i. £50,000 to the General Contingency Reserve to meet the objective of having 3 months budgeted expenditure which could be used in the event that there are issues with the collection of practising fees;
 - ii. £35,000 to Assurance Disciplinary & Litigation Reserve. The Board recognises that external costs are increasing and that, although we will always ask for a costs award, we cannot expect that all costs incurred will be recovered through a costs award following the closure of a case. The level of this reserve will ensure that costs are mitigated in such circumstances and will also ensure that high costs will not be an impediment to IPReg pursuing an investigation where it is appropriate to do so;
 - iii. £35,000 to the IT/Website Reserve. The Board recognises the inherent risk of cybersecurity breaches facing all organisations and has increased this reserve to ensure that any necessary enhancements for the office and website security can be implemented;
 - iv. £20,000 to the General Operational and Research Reserve. This reserve will enhance our data and evidence gathering capacity. This reserve will also cover the cost of an additional continuing competence review if required in 2025 (see paragraph 24).

The specific workstreams noted in points ii. to iv. may be funded by using the reserves rather than through the practising fees if it is necessary to mitigate the impact of unexpected costs such as the need for an expert opinion on any aspect of an investigation.

See Annex 8 for more detail about the reserves.

- 43. The IPReg Board considers that, in its judgement, the level of the reserves is sufficient to ensure that IPReg can finance its activities and remain a going concern. The 2025 budget has been prepared with the expectation that as we progress through 2024 and 2025, some of these reserves may be used on education projects in particular.

⁷ This compares to the [proposed](#) 2024/25 SRA compensation fund contributions of £90 (up from £30 in 2023/24) from each individual and £2,200 (up from £660 in 2023/24) from each firm that holds client money.

V. Consultation and engagement on PCF (rules 23-24)

This section requires information in respect of Rules 23 and 24 which requires approved regulators to consult with relevant authorised persons about the programme of activity to which the practising fee will be applied and the level of the practising fee, and engage effectively with as many relevant authorised persons as reasonably practicable.

- Description of the consultation process conducted with relevant authorised persons on the programme of activity and the level of PCF⁸. To include:
 - o length of time the published consultation was open
 - o the level of engagement and responses from relevant authorised persons
 - o summary of consultation responses
 - o summary of how consultation responses have been taken into account, including changes to the PCF proposals as a result of consultation responses
 - o details of consultation with non-commercial bodies (e.g. Law centres federation, Citizens Advice etc.) or an explanation of why their views had not been sought.

44. We consulted on the 2025/26 business plan, budget and practising fees between 15 July 2024 and 5pm on 28 August 2024.

- a. IPReg considers direct notification to our attorneys and stakeholders by email to be the most effective way to alert them to our consultations. We take a targeted and proportionate approach to the consultation on fees as around 93.6% of our attorneys work in private practice or in industry and their practising fees are normally paid or reimbursed by their employer. This means that the fees or the level of fees does not impact these attorneys directly and there may be little incentive to engage with the consultation process;
- b. CIPA and CITMA were given advance notice of the consultation on 12 July 2024;
- c. We emailed all attorneys and regulated bodies on the registers including the Heads of Legal Practice and Heads of Finance and Administration to bring the consultation to their attention. An email was also sent to the Legal Services Consumer Panel, IP Federation, IP Inclusive and the IP Practice Directors' Group. We also included in the consultation an invitation to contact us directly - saying: "If you'd like to discuss anything in the consultation, please contact us" and provided a link to the online contact form. Our CRM mailing list shows the results of this mailing against previous years:

⁸ Approved regulators should consult annually on their programme of activity irrespective of whether if they are proposing a fee increase, if the fee has been static or has fallen.

	2025 Consultation ⁹	2024 Consultation ¹⁰	2023 Consultation	2022 Consultation	2021 Consultation
Successful deliveries	100%	100%	100.00%	100.00%	99.9%
Unique opens	42.98% (1573 recipients)	43.04% (1520 recipients)	[44.19]% ¹¹	35.66%	28.32%
Click-throughs	8.83% (323 recipients)	14.30% (505 recipients)	33.04%	13.31%	14.34%

The number of unique opens has remained steady for the consultations on the level of fees in 2023, 2024 and 2025. The level of click throughs dropped off for the 2024 fees and 2025 fees. It is unclear why this is but, in the interests of transparency, the actual emails sent out in 2023 and 2024, provided information about the key projects that we plan to undertake and the proposed level of the practising fee increase. It may therefore be that recipients considered that they had sufficient information in the body of the email itself to decide whether they wanted to read the consultation document and/or respond to the consultation. Nevertheless, there were around 320 recipients who clicked through to the consultation document. Of course, recipients may also have accessed the consultation document directly from the website.

Around 93.6% of attorneys have their practising fees paid or reimbursed by their employer. This may influence the level of engagement on fees. This contrasts, for example, with issues that directly affect attorneys' practice such as the 2023 webinar on the changes to our regulatory arrangements which attracted over 400 participants.

- d. Reminder emails were sent on 21 August 2024, bringing the closing date of the consultation to recipients' attention. The CRM mailing report shows that this email had:

Reminder Email	2025 Consultation ¹²	2024 Consultation ¹³	2023 Consultation
Successful deliveries	100%	100.00%	100.00%
Unique opens	50.43% (1864 recipients)	43.64% (1552 recipients)	38.71%
Click-throughs	19.89% (735 recipients)	20.33% (723 recipients)	18.10%

This shows that the number of unique opens was a higher percentage than for the 2024 consultation, but the number of click-throughs was about the same.

45. We received 18 responses to the consultation. These numbers could be considered low, but as we have noted before, the regulated community does engage with IPReg on issues that have a direct impact on them (e.g. the 2023 webinar with CIPA and CITMA to present IPReg's new Regulatory Arrangements which had over 600 registrations). We received fewer responses than last year¹⁴ – possibly because the

⁹ Figures as of 21 August 2024

¹⁰ Figures as of 23 August 2023

¹¹ In the 2023 application to the LSB this figure was stated to be 43.818%. As the mailing report only provides two decimal places this figure was incorrect and probably should have been 43.81%. As of 11 August 2023, the figure is 44.19%.

¹² Figures as of 28 August 2024

¹³ Figures as of 23 August 2023

¹⁴ There were 33 responses in 2023.

proposed percentage increase for 2024 was 8% which is considerably higher than the proposed increase of 3% for 2025.

46. The consultation responses and IPReg's comments are noted in Annex 11. The responses received from CITMA, CIPA and IP Inclusive are included as Annex 12.

47. The following changes have been made following the consultation are:

a. 2025 Budget - Annex 5:

- i. LSB Levy: the charge in the budget is made up of levy figures from two different levy periods as the LSB financial year is to 31 March. When IPReg consulted on the 2025 budget, IPReg had not received any indication of the levy to 31 March 2025 (2024/2025) from the LSB. IPReg applied a 9.87% increase to the 2024/2025 levy (the increase between 2022/2023 to 2023/2024 levies) to estimate the levy to the year ended 31 March 2025. A similar increase was applied for the levy to 31 March 2025 and the prorated figures for both levy years were calculated to represent our financial year resulting in a levy charge of £95,150. The indicative levy for the year ended 31 March 2025 has now been confirmed and represents 1.7% of all authorised persons across all Approved Regulators. The percentage of authorised persons remains the same as the figure used for the 2023/2024 levy however the levy is 12.5% higher. We have updated the levy budget line using the indicative levy and applied a similar % increase for the following year resulting in an increase in the budget line to from £95,150 to £98,450 (£3,300 increase);
- ii. Corporation Tax – this figure has been increased by £500. Corporation tax is payable on bank interest and the increase provides a more prudent estimate;
- iii. Legal Choices – IPReg's contribution to the running costs of the Legal Choices website has been increased by £800 from £5,800 to £6,600.

b. Business Plan in Annex 7 – adjustments (which are shown in tracked changes) have been made to include:

- i. Clarification on next steps following the thematic review on transparency;
- ii. Providing further information about the work of the Technology and Innovation Working Group including its terms of reference;
- iii. Reviewing whether we can and should capture diversity data on the CRM on admission to the registers and as part of the Annual Return process, including the cost.
- iv. Additional work to consider whether changes that are being proposed by the PEB to its final diploma exams will require a full reaccreditation of those exams.

c. For the avoidance of doubt, IPReg has made no change to the Business Plan in respect of funding Legal Choices other than that the amount required has increased from £5,800 to £6,600 as a result of work required by the LSB on a Regulatory Information Service (formerly known as a single digital register).¹⁵ We have also included £25,000 in respect of an estimate of IPReg's additional share of the costs of the development and maintenance of a Regulatory Information Service required by the LSB.

¹⁵ The contributions required from other regulators have also been increased by a similar percentage.

- d. IPReg considers that this work supports the Legal Services Act’s regulatory objectives of: protecting and promoting the public interest; and increasing public understanding of the citizen’s legal rights and duties.

VI. Impact assessments (rules 25-28)

This section requires information in respect of Rules 25-28 which collectively, stipulate that initial equality assessments must be carried out and set out in the circumstances in which full impact assessment must be conducted. These provisions also require that approved regulators consider the impact of the level of the fee on the conduct of legal services.

- Summarise the initial and (where applicable), full equality impact assessment carried out and the findings. In particular, this summary should cover how the proposed PCF may potentially impact on various groups, especially those with protected characteristics under the Equality Act 2010 within the approved regulator’s membership.
- Summarise the consideration – proportionate to the harm as determined by the approved regulator - given to the impact of the level of the fee on the provision of legal services by authorised persons, and any significant circumstance or event impacting on that.
- Provide details of any action taken as a result of findings, or an explanation as to why this was not necessary or practicable.

48. The amended (which are shown in tracked changes) Equality Impact Assessment is shown in Annex 13. This includes information from our 2024 diversity survey.

VII. Transparency of PCF information to relevant authorised persons

- Description or a copy of the information that will be provided to those who will pay the fee. This should be clear and accessible and include the following:
 - the level of the PCF
 - how the PCF has been set
 - a breakdown of how the PCF income will be allocated to non-regulatory/regulatory and shared services
 - an explanation of why commercial income arising from PCF funded permitted purposes is to be used for non-permitted purposes.
 - an accurate presentation and representation of the LSB and Office for Legal Complaints (OLC) levies so the regulated community is clear about the proportion of PCF attributable to the levies

49. The consultation document included the following details:

- The draft Business Plan 2025/26;
- The proposed budget, level of practising fees and the amount of reserves;
- Context on how practising fees are spent, our income and expenditure;
- The reasoning behind the budget and practising fee levels;
- The budget shows how the practising fees will be utilised and also includes details about our reserves and Reserves Policy;
- The LSB Levy and LeO/OLC Levy are shown as separately and an explanation of the figures is also included;
- The drafting changes to the Practice Fee Rules were also included as part of the consultation.

50. When we email registrants about the 2025 Annual Renewal process, we will draw attention to our final budget and business plan. We expect the email will be: ¹⁶

Dear [Name]

I'm writing to let you know that the Legal Services Board (LSB) has agreed to IPReg's proposal that its practising fees should be increased in 2025 by 3%. Please see the 2025 Budget, [Business Plan](#) (link) and Practice Fees Regulations 2024 (link) for further details.

Your practising fee includes a levy to pay for the LSB and the Legal Ombudsman. IPReg does not have any control over the amount of these levies. IPReg's contribution to the LSB levy for its financial year 2024/2025, is estimated to be £90,004 (an increase of 12.5%). Our contribution to the Legal Ombudsman's costs is set at the minimum amount of £5,000 because it receives so few complaints about IPReg registrants (and in the last three years it has received none at all). The LSB and Ombudsman levies together comprise around 8% of our total expenditure.

All the income we collect from practising fees funds our regulatory activities; if you are a member of CIPA and/or CITMA, they will collect your membership fee separately and use it to fund their own activities. You do not have to be a member of CIPA or CITMA to be on IPReg's register(s).

Fees are due for payment on 1 January 2025 and all fees must be paid by 31 January 2025. Attorneys and firms that have outstanding fees on 1 March 2025 will be suspended from the register and attorneys may have to pay a late payment fee payment of 50% of the practising fee (up to a maximum of £250) in addition to the practising fee in order to renew their registration after this date.

If you are suffering hardship, you can ask us to waive your practising fee. Please contact us [\[LINK\]](#) for more information.

[If you do not wish to renew your registration, you must complete the Voluntary Removal form in your IPReg account.](#)

¹⁶ Note that this draft may change.

VIII. Checklist – Enclosures

Income and expenditure forecasts , including practising fee income, for three years from and including the year for which the practising fee is to be levied.	x Enclosed
Financial information for the previous year , including a comparison of actual and budgeted income and expenditure.	x Enclosed
Copy of the information that will be provided to fee paying members (if description is not provided in section VII).	x Enclosed

Details of any other supporting documents provided with the PCF application (optional):

Annex 1	Proposed 2025 Practising Fees
Annex 2	Practice Fee Regulations 2024 – post consultation
Annex 3	Consultation Document – 2025 business plan, budget and fees
Annex 4	Reserves Policy
Annex 5	2025 Budget – post consultation
Annex 6	Actual v Budget comparison year ended 31-12-2023
Annex 7	2025 Business Plan – post consultation
Annex 8	Reserves 30-6-2024
Annex 9	Regulatory Objectives – LSA 2007
Annex 10	Actual v Budget 6 me 30-6-2024 and ye 31-12-2024 projection
Annex 11	Consultation Responses – Analysis and IPReg response
Annex 12	Consultation Responses from CITMA, CIPA and IP Inclusive
Annex 13	Final Equality Impact Assessment

IX. Compliance Statement

Applications must include the following compliance statement and be dated and signed by a representative of the approved regulator:

- ✓ I certify that the information provided in this application is accurate and complete to the best of my/our knowledge and I/we have taken reasonable steps to ensure that the application complies with the Rules.

Please include contact name(s) for the application.



Fran Gillon
CEO



Karen Duxbury
Finance Officer

Proposed 2025 Fees

Proposed % increase for all categories except Registered attorneys not in active practice

3%

Attorneys/Individuals	2024 Fees		Proposed 2025 Fees	
	Single register	Both registers	Single register	Both registers
Registered attorney solely undertaking corporate work	£203	£324	£209	£334
Registered attorney in private practice	£246	£404	£253	£416
Registered attorney not in active practice	£171	£273	£171	£273
Registered attorney practising as a sole trader attorney not employing other registered attorneys or other professionals	£404	£577	£416	£594

Registered Bodies and Licensed Bodies	2024 Fees	Proposed 2025 Fees
	Single or both registers	Single or both registers
Registered or licensed bodies through which only a single registered attorney provides services (employing no other registered attorneys or other professionals)	£158	£163
Any other registered body or licensed body		
Base Fee	£404	£416
add fee per registered attorney	£81	£83
add fee per other professional practising via the registered or licensed body	£324	£334

ANNEX F-2

IPReg Practice Fee Regulations ~~2023~~2024

These regulations set out *IPReg's* requirements in relation to practice fees payable by *registered persons* on entry to the *register(s)* and on annual renewal of registration to the *register(s)*. They also set out the penalty fees that *IPReg* will apply in the event that a *registered attorney* fails to renew their registration by the *prescribed* date, and the penalty fee that *IPReg* may direct to be payable by an individual applicant seeking restoration to the *register(s)* following removal for failure to renew registration.

These regulations relate to provisions set out at Chapter 3 of *IPReg's* Core Regulatory Framework, and associated requirements set out in *IPReg's* Standard Operating Procedure in respect of admission and authorisation, and Chapter 6 of the Core Regulatory Framework, and associated requirements set out in the Standard Operating Procedure in respect of applications to waive the practice fees set out in these regulations.

Registered attorneys: entry onto the register and annual renewal of registration

1. The *prescribed* practice fee for:
 - a. Applicants seeking entry onto the *register(s)* in accordance with 1.3 of Chapter 3 of the Core Regulatory Framework and paragraph 2 of the part of the *IPReg* Standard Operating Procedure relating to admission and authorisation requirements; and
 - b. *Registered attorneys* seeking renewal of their annual registration in accordance with 4.1 of Chapter 3 of the Core Regulatory Framework and paragraph 73 of the part of the *IPReg* Standard Operating Procedure relating to admission and authorisation requirements,

shall be in accordance with Table 1 below.

Table 1: *Registered attorneys*: practice fees for entry onto the relevant *register(s)* or annual renewal of registration

	For entry onto a single <i>register</i> , or renewal of registration for, a single <i>register</i>	For entry onto both <i>registers</i> , or renewal of registration for, both <i>registers</i>
<i>Registered attorney</i> solely undertaking corporate work	£ 203 <u>209</u>	£ 324 <u>334</u>
<i>Registered attorney</i> in private practice	£ 246 <u>253</u>	£ 404 <u>416</u>

Registered attorney not in active practice	£171	£273
Registered attorney practising as a sole trader and not employing other registered attorneys or other professionals *	£404 <u>£416</u>	£577 <u>£594</u>
Registered attorney practising as a sole trader and employing other registered attorneys or other professionals *	£404 + £81 for each registered attorney employed by the sole trader + £324 for each other professional employed by the sole trader	£577 + £81 for each registered attorney employed by the sole trader + £324 for each other professional employed by the sole trader

* For the purposes of these Regulations, “other professional” shall mean a *manager* or *employee* based in the *UK* who is: (i) not a *registered attorney* but holds the qualifications necessary for registration; (ii) a qualified European patent and/or trade mark attorney; (iii) a barrister of England and Wales; or (iv) a solicitor of England and Wales.

Registered attorneys: penalty fee for failure to renew registration by the prescribed date

- In accordance with 4.1 and 4.2 of Chapter 3 of the Core Regulatory Framework, and paragraphs 73 to 80, inclusive, of the part of the *IPReg* Standard Operating Procedure relating to admission and authorisation requirements, the penalty fee that will apply to *registered attorneys* who have not renewed their registration before the *prescribed* date in each year, shall be equal to 50% of the corresponding practising fee for entry on to or renewal for the *register(s)* in accordance with Table 1, up to a maximum penalty fee of £250.
- In accordance with 5.3.7 of Chapter 3 of the Core Regulatory Framework and paragraph 98 of the part of the *IPReg* Standard Operating Procedure relating to admission and authorisation requirements, the penalty fee that *IPReg* may direct an individual applicant who is seeking restoration to the *register* following removal for failure to renew registration to pay, shall be equal to 50% of the corresponding practising fee for entry on to or renewal for the *register(s)* in accordance with Table 1, up to a maximum penalty fee of £250.

Registered attorneys: waivers in respect of practising fees

- In accordance with 2 of Chapter 6 of the Core Regulatory Framework and associated requirements set out in the part of the *IPReg* Standard Operating Procedure relating to waivers, a *registered attorney* may apply to *IPReg* for all or part of their relevant practice fees as set out in Table 1 to be waived.

5. Waivers in respect of practice fees will only be granted where the *registered attorney* provides evidence of hardship.
6. A *registered attorney* whose practice fee is waived under this regulation will remain on the *register(s)* and must continue to comply with *IPReg's regulatory arrangements*, including, but not limited to, the requirement set out in 3.10 and 3.11 of the Code of Conduct in Chapter 2 of the Core Regulatory Framework, to take out and maintain a policy of Professional Indemnity Insurance and, where necessary, run-off cover insurance.
7. A *registered attorney* who has had their practice fee waived under this regulation must notify *IPReg* within 14 days of a change in their circumstances, such as an increase in income, becoming employed or resuming trading. In such event, their full practising fee will become payable to *IPReg* within 28 days of their notification to *IPReg* of their change in circumstances.

Registered and licensed bodies: entry onto the *register(s)* and annual renewal of registration

8. Subject to Regulation 5, the *prescribed* practice fee for:
 - a. Applicants seeking entry onto the *register(s)* in accordance with 2.1 of Chapter 3 of the Core Regulatory Framework and paragraph 33 of the part of the *IPReg* Standard Operating Procedure relating to admission and authorisation requirements; and
 - b. *Registered and licensed bodies* seeking to renew their annual registration in accordance with 4.1 of Chapter 3 of the Core Regulatory Framework and paragraph 73 of the part of the *IPReg* Standard Operating Procedure relating to admission and authorisation requirements,

shall be in accordance with Table 2 below.

Table 2: *Registered and licensed bodies* practice fees for entry onto the *register(s)* or annual renewal of registration

	For entry onto either or both <i>register(s)</i> , or renewal of registration
<i>Registered bodies</i> through which only a single <i>registered attorney</i> provides services (employing no other <i>registered attorneys</i> or other professionals) *	£158,163

Any other <i>registered</i> and <i>licensed bodies</i>	£ 404-416 + £ 81-83 for each <i>registered attorney</i> practising via the <i>registered</i> or <i>licensed body</i> + £ 324-334 for each other professional practising via the <i>registered</i> or <i>licensed body</i> *
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* For the purposes of these Regulations, “other professional” shall mean a *manager* or *employee* based in the *UK* who is: (i) not a *registered attorney* but holds the qualifications necessary for registration; (ii) a qualified European patent and/or trade mark attorney; (iii) a barrister of England and Wales; or (iv) a solicitor of England and Wales.

9. *Registered bodies* and *licensed bodies* will be subject to an additional fee for their first approval, which shall be equal to the practice fee payable upon their entry onto a single or both *register(s)*.

Commencement provisions

10. The fees set out in these regulations shall apply from 1st January 2024 until further amended or substituted by further regulation.

Supplemental notes

These Regulations are made under section 275A of the Copyright Designs and Patents Act 1988 and section 83A of the Trade Marks Act 1994, respectively (pursuant to sections 185 and 184 of the Legal Services Act 2007) and section 21 of the Legal Services Act 2007.

The Intellectual Property Regulation Board

Consultation

2025/26 Business Plan

2025 Budget and Practising Fees

15 July 2024

This consultation closes at 5pm on 28 August 2024

Introduction

1. This consultation asks for your views on our proposals for our Business Plan for 2025/26. We have a very full programme of work already, in particular on education and therefore we are not proposing to include any new areas (other than those required by the Legal Services Board). We anticipate that the main areas of work will be:
 - a. Continuing our work on education including taking forward the work we have already started on:
 - Assessing the impact of the changes to the patent attorney European Qualifying Exams (EQE) on our approach to exemptions from the final diploma exams set by the Patent Examination Board (PEB);
 - Widening participation in the patent attorney profession and improving its diversity;
 - Reviewing the Accreditation Handbook which sets out our approach for accrediting providers of attorney qualification training courses and outlines the core syllabus for the foundation level qualification;
 - Our work with stakeholders on the feasibility of developing an apprenticeship route to becoming a patent attorney.
 - b. Monitoring the implementation of the new regulatory arrangements following their introduction on 1 July 2023;
 - c. Continuing to build our evidence base about the IP sector;
 - d. Funding diversity initiatives;
 - e. Responding to consultations and information requests from the Legal Services Board (LSB);
 - f. Business as usual work such as admissions to the registers, investigating complaints, taking disciplinary action and responding to enquiries.
2. We are also seeking your views on:
 - a. Increasing practising fees in 2025 by 3% (slightly higher than the current rate of [CPI](#)) with the exception of the not in active practice fee category. This is a lower percentage increase than in 2024 (8%). The proposed increase will, in the IPReg Board's judgment, allow us to finance our planned activities. In addition, we consider it important that our reserves are sufficient to enable us to respond to unexpected changes in our workload caused by external events and to take into account the impact of inflation on our day to day operating costs (e.g. by increasing the general contingency reserve). The impact of the proposed increase on each fee category is set out in **Annex A**.¹ This would increase our budgeted income from practising fees from £1,274,781 in 2024 to £1,330,451 in 2025 (an increase of £82,670);

¹ We realise that the current categories of fee payers may not reflect all the different ways in which attorneys currently work. We suggested, as part of our review of regulatory arrangements, that we could consider whether the categories could be changed; there were mixed responses to that suggestion and so it was not taken forward as part of the review. Because around 85% of attorneys work in private practice and have their fees paid by their employer, the IPReg Board has decided that it is not necessary to pursue changes to fee paying categories.

- b. Abolishing the fee paying category “Registered attorney practising as a sole trader and employing other registered attorneys or other professionals”. Our register shows that there is currently one attorney in this category. The reason for proposing the abolition of this category is that our understanding is that the category was originally created to cater for a much larger number of attorneys who practised in this way. Over time, those people have either ceased to practise or they have changed their business model and set up a limited company.
3. We will retain the ability to waive practising fees for attorneys who are facing hardship. This was introduced as a result of the Covid-19 pandemic for attorneys who had been made redundant or were furloughed and was broadened in 2023 to help attorneys suffering hardship for any reason.

If you have any comments on the business plan, budget or practising fees, please send them to: info@ipreg.org.uk by 5pm on 28 August 2024. If you would like to discuss the plan with us or would like further information, please contact us online using this [form](#).

Draft Business Plan – 2025/26²

IPReg’s strategic priorities

4. In November 2023, reflecting the progress made in achieving its initial strategic priorities the Board re-cast its strategic priorities:

A. Users of IP legal services and the public

Strategic priority: To improve consumer knowledge and empowerment among users of IP legal services.

We will do this by:

- a. Increasing the public profile of IPReg to the regulated community and users of IP legal services;
- b. Increasing our understanding of the needs and expectations of users of IP legal services;
- c. Providing targeted and proportionate information to enable those users to make informed choices about their legal adviser;
- d. Increasing our understanding of the needs and expectations of all types of regulated attorneys/firms and disseminating information about best practice.

B. The profession (current and future)

Strategic priority: Setting, promoting and enforcing high quality education and professional standards for entry to the professions.

We will do this by:

- a. Using data and insights from our regulatory activity to influence the future of the profession in a way that ensures that appropriate standards are maintained and routes to entry onto the registers are varied and fit for purpose;
- b. Encouraging an increase in the good quality providers of qualification pathways and examinations, in particular as a tool to increase the diversity of the trade mark and patent attorney professions;
- c. Gathering data about the diversity of the profession (attorneys and students) to inform our decision making.

C. IPReg

Strategic priority: Carrying out our regulatory activities proactively, effectively and inclusively, ensuring the efficient use of resources.

We will do this by:

- a. Building our capacity to understand and respond to global and market trends (including the use of technology) that impact on intellectual property matters, the wider environment and our approach to regulation;

² Note that all dates are for the calendar year.

- b. Acting quickly and consistently when we identify potential breaches of regulatory requirements and conducting investigations efficiently and effectively;
- c. Encouraging innovation and competition in the provision of regulated IP legal services.

Driving forward our work on education

5. The IPReg Board wants to maintain the momentum it has built up on education issues. Through the course of this work, we have identified a number of regulatory policy issues in the route to qualification for patent attorneys (particularly at the advanced level). We have therefore turned our focus (and resources) to exploring the policy issues raised about the patent attorney qualification route.
6. During 2024, we have been considering the most appropriate way to take this work forward. There are a number of different, inter-dependent elements to the work and we are in the process of recruiting a Head of Education Review project manager (in the same way that we did for the review of our regulatory arrangements) to ensure that project runs smoothly. Stakeholder engagement will be crucial to ensuring that the proposals we put forward have widespread support. We anticipate that, in addition to bi-lateral meetings, we will set up focus groups to discuss specific topics.
7. The epi has introduced wide ranging changes to the way in which the EQEs are structured. These changes will be introduced between 2025 and 2027. Currently, IPReg’s regulatory arrangements provide that passing EQE papers A and B provides exemptions from the PEB’s FD2 and FD3 exams.³ We therefore need to evaluate the changes to the EQEs in order to establish how our regulatory arrangements need to change to ensure that exemptions can continue to apply (and, possibly, expand) and what transitional arrangements will need to be put in place. In 2024, we started working with Julia Gwilt (Chair of the epi Professional Education Committee) to map the new EQEs onto IPReg’s competency framework. We realise the importance of providing as much certainty as possible to candidates and employers about our future approach. We will consult on the changes that are necessary and will take forward a rule change application to the Legal Services Board once we have considered the responses to that consultation. We will provide more information about timing during 2024 and continue the work into 2025.
8. In addition to the above work, we will continue to work on important issues concerning accredited attorney qualification providers:
 - a. Working with providers to ensure that accreditation recommendations are taken forward and quality assurance mechanisms are fit for purpose, including responding to key stakeholder feedback. Where there are concerns, IPReg will raise these with the provider to ensure that action is taken. This work will continue as necessary in 2025/26;
 - b. Working with providers to ensure that online delivery of courses and examinations meets the required standards;
 - c. Working with stakeholders and potential providers to encourage new qualification pathway options including apprenticeships;
 - d. We will continue to undertake reaccreditation assessments (typically every 5 years) of qualification providers.

³ There are other permutations for exemptions but this is the main one that we see on applications for admission to the register.

9. As part of this work, we will start reviews of the IPReg Competency Frameworks. We will also start a review the Accreditation Handbook.
10. We anticipate that this work will need significant input from external advisers, for example on the best approach to identify what should be included in the competency framework. We have therefore allocated £85,000 to this work in the budget.
11. This work supports in particular the regulatory objective of encouraging an independent, strong, diverse and effective legal profession.⁴

Thematic reviews

12. Our new regulatory arrangements came into force on 1 July 2023. We are committed to reviewing the effectiveness of the new arrangements. The new arrangements were accompanied by an impact assessment. In 2025 we will review the impact of the new arrangements by updating the impact assessment. We will publish the revised impact assessment and ask for views on it from our stakeholders.
13. We will also assess the effectiveness of elements of the new arrangements by conducting thematic reviews:
 - a. Continuing competence – attorneys are now required to: assess, bearing in mind their existing skills and the nature of their practice, how they will maintain their competence. This means that they regularly:
 - Reflect on their professional knowledge and skills and identify any development needs;
 - Plan how these needs can be addressed through appropriate activities, training and other learning; and
 - Record the assessments and evaluate the activities they have undertaken in the light of those assessments.

Attorneys must confirm to IPReg annually that they have met these requirements and, if requested, provide to us their records or other material which demonstrates that they have met the requirements. We have transitional arrangements on enforcement of these requirements in place for approximately 18 months; they will end no later than 30 June 2025. This will give attorneys and firms sufficient time to become familiar with the new arrangements.

In 2024, we are conducting random sampling of attorneys' records or other material to assess how well the new requirements have been embedded, identify any barriers to compliance with them and provide examples of good practice. Depending on the outcome of that review, a further review may need to be conducted in 2025.

⁴ The LSA section 28(2) imposes an obligation on IPReg to, so far as is reasonably practicable, act in a way (a) which is compatible with the regulatory objectives, and (b) which [IPReg] considers most appropriate for the purpose of meeting those objectives. The regulatory objectives in the LSA section 1(1) are: (a) protecting and promoting the public interest; (b) supporting the constitutional principle of the rule of law; (c) improving access to justice; (d) protecting and promoting the interests of consumers; (e) promoting competition in the provision of [legal] services; (f) encouraging an independent, strong, diverse and effective legal profession; (g) increasing public understanding of the citizen's legal rights and duties; (h) promoting and maintaining adherence to the professional principles [in LSA section 1(3)]; (i) promoting the prevention and detection of economic crime.

If a second review is needed, this will be financed from our reserves.

- b. Transparency requirements – these will provide better information to clients and prospective clients about costs. The new rules require that attorneys give appropriate explanations to their clients about any financial benefits that they receive as a result of the work that they do. This includes commissions, foreign exchange rate uplifts or discounts or rebates. Attorneys also need to inform their clients about any referral arrangements in place such as payment of a referral fee and fee sharing arrangements. Although it will be for attorneys/firms to decide how to provide this information, it must be clear, accurate and sufficient to enable clients and prospective clients to make informed decisions about who to instruct. We will be conducting this review in the second half of 2024 and plan to publish a report on its findings and lessons learned early in 2025.

We have allocated £5,000 for follow up work on transparency.

- c. During 2025, we will continue to assess applications for admission to our professional indemnity insurance (PII) sandbox. This enables testing alternative PII arrangements by providing a way for firms or sole traders to obtain PII from insurers who are not on IPReg’s list of participating insurers. This will then enable them to apply to be admitted to, or remain on, the IPReg registers and be regulated. It may also be of interest to firms who are able to obtain cover from a participating insurer but who want to make alternative arrangements (perhaps for commercial reasons).

We will continue to monitor closely how the sandbox is working throughout 2025. Depending on the nature and extent of applicants and entrants, we will conduct a thematic review of how the sandbox is working towards the end of 2025.

We have budgeted £10,000 for this work which would be allocated, if required, to external advice (e.g. from an insurer or actuary).

14. This work supports all the regulatory objectives in the Legal Services Act 2007 (LSA).

Building our evidence base

15. In addition to the data and evidence gathering work that we plan to undertake for the thematic reviews on continuing competence and transparency, we will continue to gather data and evidence about the nature of the IP legal sector.
16. We will continue to work with our external adviser who reviews relevant research by the other regulators, the Legal Services Consumer Panel and other bodies to evaluate whether it should be incorporated into IPReg’s evidence base.
17. This work supports all the regulatory objectives.

Diversity

18. For the avoidance of doubt, we remain committed to keeping a ring-fenced reserve to fund suitable diversity initiatives. The reserve is currently set at £20,000.
19. We are undertaking a diversity survey in 2024 and will publish the results on our website. We do not plan to repeat the survey in 2025.
20. We will be using our work on diversity to inform our education workstreams. Understanding how to widen participation and progression in the profession will be a key factor in exploring different routes to

qualification for patent attorneys. This information will form a key part of our education workstream and should help us to improve the opportunities at the earliest stages of education and training.

21. We will continue to work with, and contribute to, the cross-sector work on EDI. This will enable us to learn from stakeholders in the IP sector and other regulators. We will share our research and experiences and work towards a collective approach to gathering data, identifying barriers to entry to the legal profession and the sector's approach to designing, implementing and evaluating regulatory interventions.
22. This work supports in particular the regulatory objective of encouraging an independent, strong, diverse and effective legal profession.

Responding to LSB consultations and related work

23. The Legal Services Board ("LSB") is IPReg's (and the other legal regulators') regulator. The volume of work that is generated by the LSB has increased significantly over the last 5 years. Prior to that, we were able to accommodate this work as part of our normal day to day business as usual. However, the current volume of work means that this approach is no longer possible and additional resources are needed. The Director of Policy undertakes this work as well as work on wider policy issues.
24. The LSB's [Quarterly Activity Schedule](#) for 2024/25⁵ shows a significant number of issues where IPReg will need to engage with and respond to the LSB's work including in January to March 2025:
 - a. Evaluation by the IPReg Board of our performance against the LSB's performance management framework;
 - b. Considering the impact of the LSB's proposals for regulators to advance equality, diversity and inclusion;
 - c. Considering the impact of the LSB's decisions following its consultation on professional ethics;
 - d. Responding to a possible LSB consultation on disciplinary and enforcement processes;
 - e. Ongoing engagement on technology (including AI) and its use in the IP sector;
 - f. Responding to the LSB's review of approaches to consumer vulnerability;
 - g. Responding to the LSB's work on a review of its Internal Governance Rules;
 - h. Responding to any consultation by the LSB of its own enforcement policy;
 - i. Considering the impact of any decision by the LSB on its work on access to justice.
25. In addition, the LSB's [Business Plan](#) for 2024/25 includes the following issues where IPReg will need to engage with and respond to the LSB's work:
 - a. Responding to requests for information about IPReg's compliance with the LSB's new [regulatory performance framework](#);
 - b. Responding to ongoing monitoring requests from the LSB concerning its expectation that IPReg is meeting the requirements set out in its various statutory statements of policy;

⁵ The LSB operates on a financial year basis.

- c. Responding to any investigations and/or thematic reviews that the LSB undertakes which impact on IPReg’s work;
- d. Other requests for information during the course of the year.

Our day to day activities

26. In addition to the specific areas of work set out above, the IPReg team carries out a wide range of “business as usual” activities. These include:
- a. Considering applications from individuals and entities for registration on, and removal from, the registers;
 - b. Providing advice on our regulatory arrangements;
 - c. Investigating complaints and taking disciplinary action where necessary;
 - d. Dealing with enquires to our CRM system and our “Info” email box.
27. These activities support all the regulatory objectives.

Impact of Covid-19: IPReg’s office and Board meetings

28. We are working on a hybrid basis: members of the IPReg Team must work in the office for a minimum of half their working time. We have considered whether it would be appropriate not to have a fixed base in London and to work permanently from home, booking regular meeting spaces as required. However, because IPReg is a small team, the IPReg Board considers that it is important to ensure that staff overlap as much as possible and our experience of returning to the office after the lockdowns is that it is highly beneficial to be in the office with colleagues when developing policy issues or generating ideas. Nevertheless, we recognise that our office licence fee and related services costs is a significant proportion of the budget. We have therefore decided to move (in October 2024) to a smaller office with our current provider with an associated reduction in licence and service fees of £15,200 a year.

We have budgeted £63,950 for our licence fees and services.

29. The Board will continue its practice of holding hybrid meetings for its 7 scheduled meetings in 2025.
30. In September 2025, our Chair (Lord Smith of Finsbury) will complete his second term of office and step down from the Board. We will run an open recruitment campaign for his successor (who must be a lay person) and use an external recruitment consultant to help us with this process.

We have budgeted £30,000 for this.

Question 1: What are your views on the proposed Business Plan?

Question 2: What are your views on the proposal to abolish the fee paying category “Registered attorney practising as a sole trader and employing other registered attorneys or other professionals”?

Equality Impact Assessment

31. The LSB has introduced a requirement for an equality impact assessment (EIA) to be included with applications to it for approval of practising fees. A draft EIA is at **Annex B** which uses data from IPReg's 2021 diversity survey.⁶

Question 3: Do you have any evidence of the impact that each of these proposals will have on different categories of individuals or firms? In particular, do you have any evidence of the potential impact on the diversity of the profession? Do you have any comments on the EIA at Annex B?

⁶ Although the results from the 2024 survey are not yet available, we consider that the 2021 data provides good evidence about the professions' diversity for the purposes of this consultation. If the results from the 2024 survey are available prior to submission of our practice fee application to the LSB, we will consider if/how they alter the EIA.

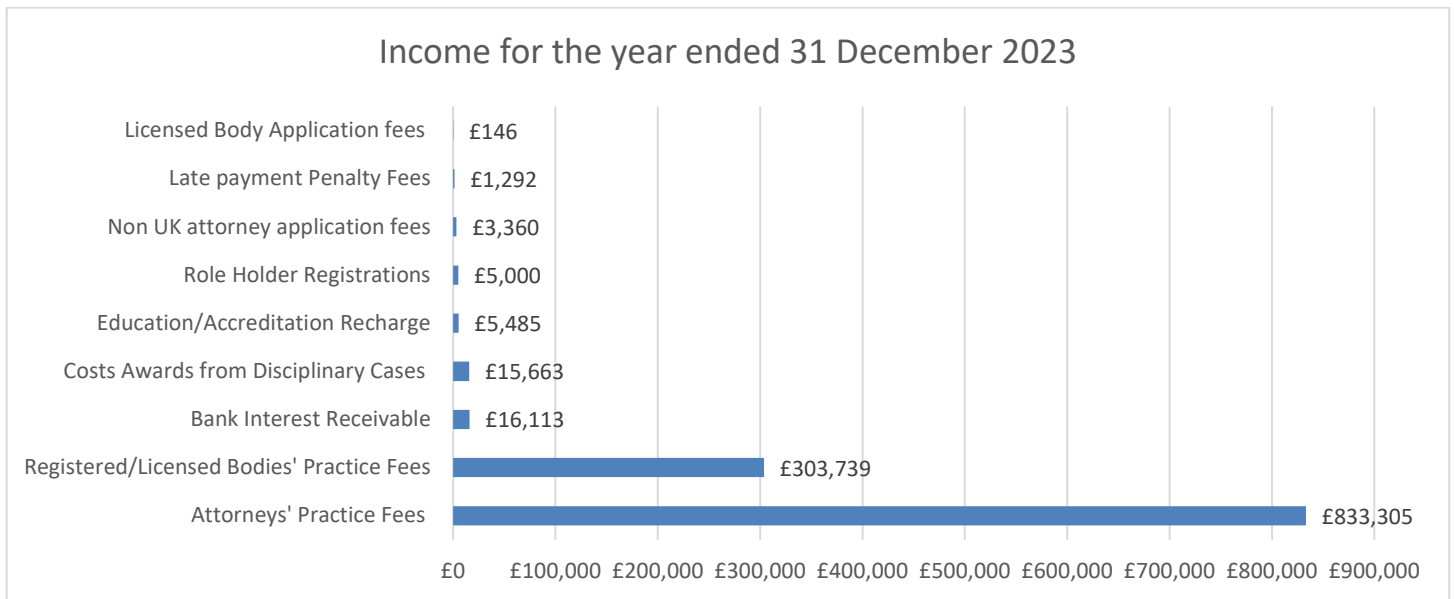
Proposed 2025 budget

32. The draft 2025 budget (and comparison with the 2024 budget) (**Annex C**) is based on an increase in fees of 3% in order to take account of the current level of inflation and to finance our planned activities.
33. The proposed budgeted expenditure for 2025 is £54,280 more than the 2024 budget with a projected operating surplus of £51,101. The Board has committed to using reserves to offset against operating deficits if and when required. Our Reserves Policy is at **Annex D** and our Reserves as at 30 June 2024 are at **Annex E**. We have increased our General Contingency reserve to £320,000 to meet the objective in our Reserves Policy of having up to 3 months' total expenditure which could be used in the event that there is a delay in collecting practising fees.
34. The main changes that we have made to the reserves are:
 - a. Allocating an additional £50,000 to the General Contingency Reserve;
 - b. Allocating £35,000 to Assurance Disciplinary & Litigation Reserve;
 - c. Allocating £35,000 to IT/Website Reserve;
 - d. Allocating £20,000 to General Operational & Research Reserves;
 - e. Re-allocating Income & Expenditure by £140,000 as above.

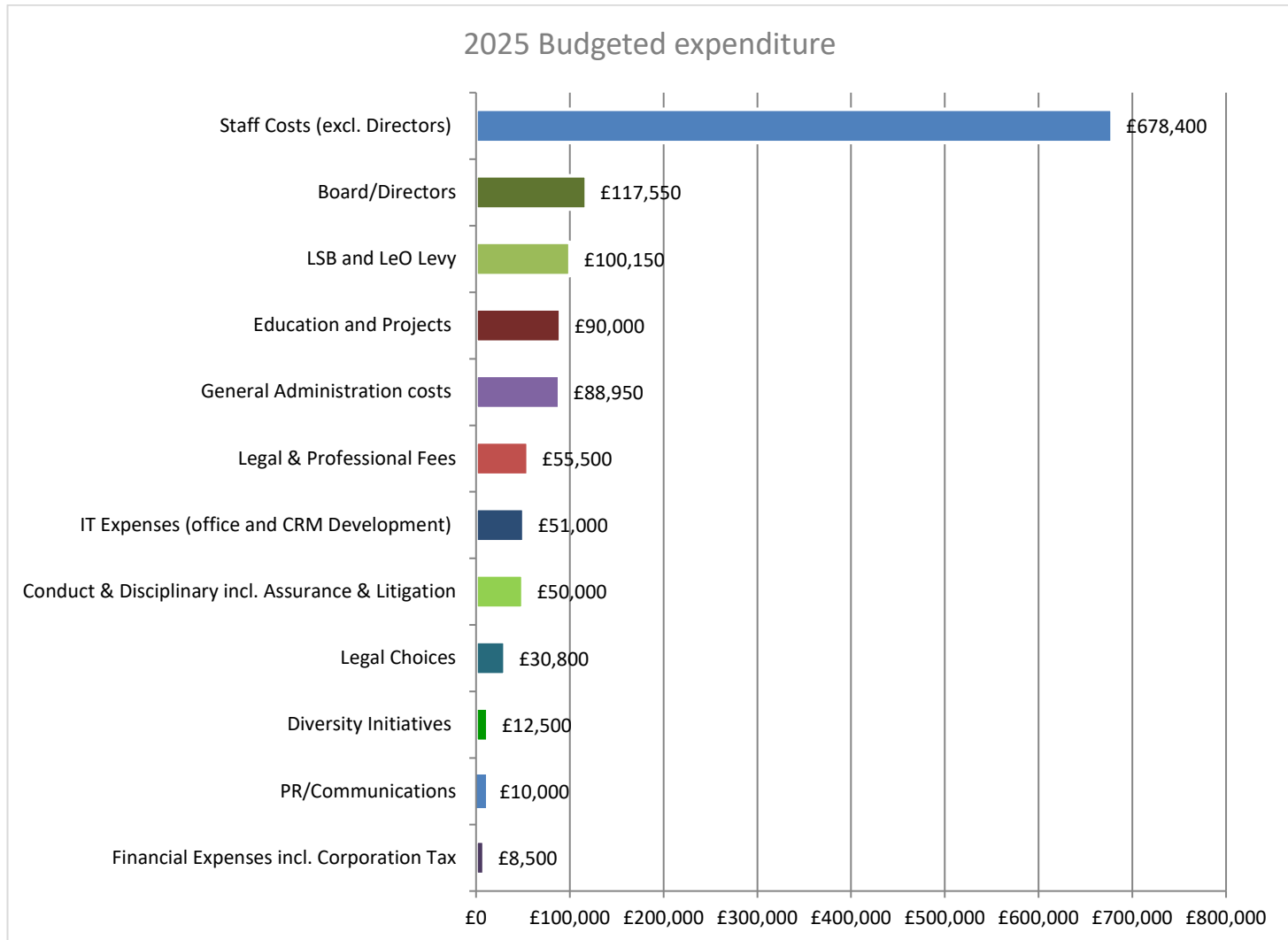
Context – how the practising fees are spent

35. Each year, we publish an [Annual Report](#) that sets out what we have done and how we spend the practising fees and other income that we receive. The most recent information is for [2022](#) and the 2023 report will be published soon. Most of our income comes from the practising fees paid by registrants. We also receive some income from applications for entry to the register(s) from alternative business structures. The chart below gives more detail about our sources of income in 2023:

Figure 1 – Breakdown of Income for 2023



The main expenditure from our budget is:



These costs are explained below:

Staff Costs

Staff costs include salaries (projected increase of 5%), employer’s National Insurance, staff benefits and pension costs.

Board/Directors

Board members are also directors of The Intellectual Property Regulation Board Limited. Their remuneration has a projected 5% increase. Board fees will be increased by the 12 month CPI rate to December 2024. Also included is an estimate for travel and subsistence (grossed up and paid through payroll) to attend Board meetings in person and an estimate for the recruitment of the Chair of £30,000.

Legal Services Board and Legal Ombudsman Levy

The LSB charges a levy on all legal regulators to cover its annual running costs. The levy is calculated with reference to the LSB's financial year which is 31 March. Each year, to assist the legal regulators with setting their budgets, the LSB provides an indicative levy for its current financial year. The levy is based on IPReg's proportion of the total number of regulated lawyers and the levy may change when the number of regulated lawyers is finalised in January 2025. At the point of writing this document, IPReg has not been given the indicative levy for 2024/2025. The LSB 2023/2024 levy was 9.87% higher than the previous year and we have used the same percentage increase as the basis of our calculations. IPReg's budget covers the year to 31 December therefore the budgeted levy figure is made up of two levy years - the actual levy prorated to the end of March and an estimate of the next year's levy prorated to the end of December. IPReg's 2025 Budget uses the 2023/2024 levy increased by 9.87 % to estimate the levy to 31 March 2025 (2024/2025) and with a similar 9.87% increase to estimate the levy to 31 March 2026 (2025/2026). The levy paid to the Legal Ombudsman remains unchanged at the minimum £5,000.⁷ No complaints have been received by the Ombudsman about IPReg-regulated attorneys since March 2020.

Education & Projects

This includes Board Education Working Group member costs and expenses as well the costs associated with the development of different routes to patent attorney qualification. We anticipate that this work will need significant input from external advisers.

General Administration Costs

This includes general office costs, licence and services. The licence fee and service charges for our office will decrease by £15.2k following the move to a smaller office.

Legal and Professional Fees

This relates to costs for advice on areas such as audit and accountancy services and actuarial and legal costs for the Compensation Fund and reviews, as well as costs such as insurance, Practical Law and Westlaw subscriptions and practising fees for the professionally qualified members of staff.

IT Expenses (office and website)

Included are costs to support and maintain the office IT platform and software licences.

Conduct & Disciplinary incl. Assurance and Litigation

This relates to external legal costs and internal costs associated with assurance and disciplinary matters and includes panellists' and Case Examiners' fees and expenses for attendance at hearings. While it is usually the case that hearings are conducted on the papers or remotely by video-conferencing, we have included a small amount of associated costs such as photocopying and room hire in the event a hearing needs to be conducted in person.

Legal Choices

This is a funding instalment for the [Legal Choices website](#) (a joint project undertaken by all the legal regulators to provide consumers with information on legal services to help them make an informed

⁷ The Legal Services Act 2007 (Levy) (No.2) (Amendment) Rules 2014

decision).

The LSB's 2022 [Statement of Policy](#) on consumer empowerment states:⁸

Regulators are expected to put in place an effective programme of activity to support the regulatory objective of increasing public understanding of the citizen's legal rights and duties. This should be with a particular focus on public legal education that supports people to understand where they have a legal problem and how to access the professional help they need to resolve it.

Regulators are expected to make meaningful contributions to cross-sector initiatives, such as Legal Choices, that are subject to appropriate mechanisms to ensure they are effective. Regulators should be able to demonstrate suitable investment, reach and impact of such initiatives following evaluation.

This budget line also includes £25,000 for IPReg's share of the potential cost of the development and maintenance of a Regulatory Information Service required by the LSB. This is subject to ongoing discussions between the frontline regulators and the LSB; the exact amount of IPReg's contribution is not yet known.

Diversity Initiatives

IPReg has a statutory objective to encourage a diverse legal profession and accordingly supports initiatives aimed at promoting this objective. This work is supported by a reserve of £20,000.

PR/Communications

This is for costs associated with improving our stakeholder engagement; we have allocated an additional £7,000 to this work.

Financial Expenses including Corporation Tax

This includes bank charges, card provider service charges and corporation tax on bank interest.

Proposed 2025 fees

36. IPReg is proposing to increase fees by 3% from their 2024 level. This is slightly above the current level of [inflation](#) (CPI). The IPReg Board considered carefully whether it would be possible to hold fees level or reduce fees in 2025. However, the Board considers that all the work outlined in the draft Business Plan is essential to ensure targeted and proportionate regulation of the IP sector. This means that overall, in the Board's judgement, it would not be financially prudent to reduce fees or keep them at 2024 levels.
37. The proposed budget makes the following assumptions:
 - a. All Board meetings will be hybrid with most Board members attending in person;
 - b. There will be a 5% increase in Board members' fees and the Team's salaries;
 - c. In a change from our usual practice, the budget makes an estimate for other income such as role-holder/licensed body/registered body applications and interest. Having analysed this

⁸ At paragraphs 14 and 15

income over the last three years, we have included £14,000 for this.

38. The Board has allocated £100,000 to its Compensation Fund Reserve (this is a committed reserve and should not be used for any other purpose). The compensation fund can provide grants for hardship causing loss in the event of fraud or failure to account by a regulated person. Our actuary has estimated that £7 of each attorney’s practising fee contributes to the compensation fund.⁹ To date, we have never had a claim on the fund.

Full details of the reserves are at **Annex E**. The changes that we have made are to transfer £140,000 from the Income and Expenditure Account allocating:

- a. £50,000 to the General Contingency Reserve. This will mean that we have reached the reserves policy objective to hold at least 3 months’ expenditure as a reserve in case of difficulty collecting the practising fees;
- b. £35,000 to the Assurance Disciplinary & Litigation Reserve. This is because costs are increasing and we cannot rely on costs awards from all cases. This will help to mitigate the impact if costs are not awarded;
- c. £35,000 to IT/Website Reserve. This is to provide for any recommended enhancements to cyber security for both the office and website
- d. £20,000 to General Operational & Research Reserve to further enhance our data and evidence gathering capacity.

Question 4: What are your views on the proposal to increase practising fees by 3%?

Question 5: What are your views on the proposed 2025 budget (Annex C)?

Question 6: Do you have any comments on the draft Practising Fee Regulations (Annex F)?

All consultation questions

Question 1. What are your views on the proposed Business Plan?

Question 2: What are your views on the proposal to abolish the fee paying category “Registered attorney practising as a sole trader and employing other registered attorneys or other professionals”?

Question 3. Do you have any evidence of the impact that each of these proposals will have on different categories of individuals or firms? In particular, do you have any evidence of the potential impact on the diversity of the profession? Do you have any comments on the Equality Impact Assessment at Annex B?

Question 4. What are your views on the proposal to increase practising fees by 3%?

Question 5. What are your views on the proposed 2025 budget at Annex C?

Question 6. Do you have any comments on the draft Practising Fee Regulations at Annex F?

⁹ This compares to the [proposed](#) 2024/25 SRA compensation fund contributions of £90 (up from £30 in 2023/24) from each individual and £2,200 (up from £660 in 2023/24) from each firm that holds client money.

Proposed 2025 Fees

Proposed % increase for all categories except Registered attorneys not in active practice

3%

Attorneys/Individuals	2024 Fees		Proposed 2025 Fees	
	Single register	Both registers	Single register	Both registers
Registered attorney solely undertaking corporate work	£203	£324	£209	£334
Registered attorney in private practice	£246	£404	£253	£416
Registered attorney not in active practice	£171	£273	£171	£273
Registered attorney practising as a sole trader attorney not employing other registered attorneys or other professionals	£404	£577	£416	£594
Registered attorney practising as a sole trader and employing other registered attorneys or other professionals :	£404	£577	£416	£594
employing other registered attorneys - add fee per attorney	£81	£81	£83	£83
employing other professionals - add fee per professional	£324	£324	£334	£334
NB SUBJECT TO CONSULTATION TO ABOLISH THIS CATEGORY				

Registered Bodies and Licensed Bodies	2024 Fees	Proposed 2025 Fees
	Single or both registers	Single or both registers
Registered or licensed bodies through which only a single registered attorney provides services (employing no other registered attorneys or other professionals)	£158	£163
Any other registered body or licensed body		
Base Fee	£404	£416
add fee per registered attorney	£81	£83
add fee per other professional	£324	£334
practising via the registered or licensed body		

Draft equality impact assessment

Results from the IPReg 2021 diversity survey are on our website [here](#).¹

The LSB’s diversity dashboard which compares data from all the regulators is on its website [here](#).

Protected Characteristic Group	Is there a potential for positive or negative impact	Please explain and give examples of any evidence/consultation/data used	Action to address negative impact (e.g. adjustment to the policy)
Disability	Unknown	Our diversity survey indicates that there are very few attorneys who consider that they have a disability. In the survey, 4.43% of attorneys considered that they had a disability and 2.26% were not sure.	The level of reporting of disability was below the benchmark that the LSB has identified (15%) so there may be under-reporting (in common with other sectors of the legal services market). We recognise that the number (or proportion) of disabled people is not relevant to the question of whether, and to what extent, those people could be disadvantaged. The fee waiver provisions may help to alleviate hardship.
Gender reassignment	Unknown	Data for this characteristic is very limited and so we are unable to draw any conclusions from it.	N/A
Marriage or civil partnership	Unknown	IPReg has taken a targeted and proportionate approach to its initial diversity data gathering and does not yet collect data on this characteristic.	N/A

¹ Although the results from the 2024 survey are not yet available, we consider that the 2021 data provides good evidence about the professions’ diversity for the purposes of this consultation. If the results from the 2024 survey are available prior to submission of our practice fee application to the LSB, we will consider if/how they alter the EIA.

Protected Characteristic Group	Is there a potential for positive or negative impact	Please explain and give examples of any evidence/consultation/data used	Action to address negative impact (e.g. adjustment to the policy)
Pregnancy and maternity	No	Anyone on maternity leave can apply to IPReg to be put in the “not in active practice” category with an associated reduction on practising fees (although the fees are not reimbursed if the change occurs mid-year)	This policy will remain in place. We also accept applications for moving to the “not in active practice” category from attorneys who are on adoption or parental leave.
Race	No	Supplementary analysis of our diversity survey shows that there are proportionately more (8%) Asian attorneys compared to the LSB benchmark (5%). Black attorneys appear to be under-represented (1%) compared to the LSB benchmark (3%). However, for Black registrants, there is significant divergence between the patent (0%) and trade mark (5%) professions.	N/A
Religion or belief	No	Our diversity survey showed that 42% of attorneys said that they did not have a religion; this is higher than the LSB benchmark (38%). In	N/A

Protected Characteristic Group	Is there a potential for positive or negative impact	Please explain and give examples of any evidence/consultation/data used	Action to address negative impact (e.g. adjustment to the policy)
		<p>addition, 14% said that they are an atheist (no LSB benchmark data available). Attorneys who are Christians make up a smaller percentage (34%) than the benchmark (52%). Other religions are under-represented compared to the LSB benchmarks.</p>	
Sexual orientation	Unknown	<p>Data for this characteristic is very limited and so we are unable to draw any conclusions from it.</p>	N/A
Sex (gender)	No	<p>There is a significant difference between the number of women trade mark attorneys (68%) compared to patent attorneys (38%); LSB benchmark: 47%. The professions' senior ranks reflect a higher (59%/40%) male/female ratio than the average for the professions as a whole (48%/42%).</p>	<p>Middle and junior level attorneys show proportionately higher numbers of women than men. No targeted action is required but it is important to note that all attorneys can apply to IPReg to be moved to the "not in active practice" category.</p>
Age	No	<p>The age profile of attorneys who are aged 55-64 and 65+ and are on both registers is</p>	<p>The number of attorneys on both registers is low: 7.8% and mainly represents an historic grandfathering policy. Numbers are decreasing over time as it is no longer common practice to be dual-qualified.</p>

Protected Characteristic Group	Is there a potential for positive or negative impact	Please explain and give examples of any evidence/consultation/data used	Action to address negative impact (e.g. adjustment to the policy)
		slightly higher (34% and 22%) than those who are only on one register (patent attorneys: 10% and 2%; trade mark attorneys: 12% and 4%). However the sample size for both registers is small (~8.5%)	

Question	Explanation / justification	
Is it possible that the proposed level of PCF could discriminate or unfairly disadvantage members of the regulated community?	<p>Prior to consultation, we have not identified any evidence that the level of the fee or the proposal to increase it could discriminate against or unfairly disadvantage attorneys with protected characteristics.</p> <p>As part of the consultation on the level of 2025 practising fees we are asking respondents if they have any comments on this equality impact assessment.</p>	
Final Decision	Tick the relevant box	Include any explanation / justification required
No barriers identified		
Bias towards one or more groups		
Adapted practising fee to eliminate bias		

<p>Barriers or impact identified but having considered all options carefully, there appear to be no other proportionate ways to achieve the policy aims in the programme of activity but by charging this level of practising fee.</p>		
--	--	--

2025 BUDGET

	Note	2025 Budget		2024 Budget comparative	
		£	£	£	£
PROJECTED INCOME	<i>a.</i>		1,344,451		1,247,781
PROJECTED EXPENDITURE					
LEGAL SERVICES BOARD AND LEGAL OMBUDSMAN	<i>b.</i>		100,150		91,600
PROJECTED OPERATIONAL EXPENDITURE					
Board/Directors	<i>c.</i>		117,550		99,000
Conduct & Disciplinary incl. Assurance & Litigation	<i>d.</i>		50,000		50,000
Corporation Tax			500		3,000
Diversity Initiatives	<i>e.</i>		12,500		27,000
Education & Projects	<i>f.</i>		90,000		27,600
Financial Expenses			8,000		7,000
General Administration Expenses	<i>g.</i>		88,950		107,170
IT Support (office and website)	<i>h.</i>		51,000		98,500
Legal & Professional	<i>i.</i>		55,500		91,000
Legal Choices	<i>j.</i>		30,800		5,800
PR/Communications			10,000		3,000
Staff Costs	<i>k.</i>		678,400		628,400
TOTAL PROJECTED EXPENDITURE			1,293,350		1,239,070
PROJECTED OPERATING BALANCE			£51,101		£8,711

See notes overleaf

2025 BUDGET

Notes:

a. Projected Income

	<u>2025 Budget</u>		<u>2024 Budget comparative</u>	
	£	£	£	£
Budgeted Practice Fees - Attorneys & Entities		1,330,451		1,247,781
Other Income		14,000		0
		<u>1,344,451</u>		<u>1,247,781</u>

Budgeted Practice Fee Income for 2025 - based on a fee increase of 3% applied to the estimate of the final practice fee income for 2024 for all practising fee paying categories (no increase applied to the not in active practice fee paying category) and also a provision for attorney admissions reduced by an estimate for voluntary removals/removals in 2025.

Other Income - an estimate has been made for other income from bank interest and from role holder/licensed body applications based on the average over the past 3 years. No estimate for costs awards/fines from disciplinary cases has been made as these are outside our control.

b. Legal Services Board and Legal Ombudsman

	<u>2025 Budget</u>		<u>2024 Budget comparative</u>	
	£	£	£	£
LSB Levy		95,150		86,600
LeO/OLC Levy		5,000		5,000
		<u>100,150</u>		<u>91,600</u>

The LSB year end is 31 March, therefore the budget is made up of 2 levy years. The 2025 budget figure has been calculated by taking the estimated levy for 2024/2025 (calculated to be 9.87% higher than the 2023/2024 levy) and taking a prorated proportion of an estimated levy for 2025/2026 with a similar increase.

c. Board/Directors

	<u>2025 Budget</u>		<u>2024 Budget comparative</u>	
	£	£	£	£
Replacement of Chair		30,000		0
Replacement of Board members		0		14,000
Remuneration		73,300		70,500
Travel & Subsistence		10,000		10,500
Employer's National Insurance		4,250		4,000
		<u>117,550</u>		<u>99,000</u>

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

Board Fees - the 2025 budget has estimated an increase of 5%. Board fees will be increased by the 12 month CPI rate to December 2024.

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, to aid transparency.

d. Conduct & Disciplinary incl. Assurance & Litigation

	<u>2025 Budget</u>		<u>2024 Budget comparative</u>	
	£	£	£	£
External Legal Costs and Hearing Costs		<u>50,000</u>		<u>50,000</u>

2025 BUDGET

Notes (continued):

e. Diversity Initiatives

	2025 Budget		2024 Budget comparative	
	£	£	£	£
Donations		12,500		7,000
Diversity research and survey		0		20,000
		<u>12,500</u>		<u>27,000</u>

f. Education

The budget also includes £85,000 in respect of external costs to consider the regulatory policy issues regarding the development of different routes to qualification particularly for the patent attorney qualification, accreditations, review of the Accreditation Handbook and review of the Competency Frameworks. The 2024 budget comparative included costs that have now been allocated to a staff member to oversee the review of education which have been reallocated to Staff Costs to aid comparison.

g. General Administration Expenses

	2025 Budget		2024 Budget comparative	
	£	£	£	£
Licence & Services		63,950		82,170
Other Office Costs		25,000		25,000
		<u>88,950</u>		<u>107,170</u>

Licence & Services - the 2024 budget was based on an increase of 5% when the licence expired at the end of March 2024. The 2025 budget is reflects the costs of the move to a smaller office when the licence and services agreement for the current office expires at the end of September 2024.

h. IT Support (office and website)

	2025 Budget		2024 Budget comparative	
	£	£	£	£
Support		14,000		13,500
CRM - operational		17,000		15,000
CRM - website redevelopment & enhancements		20,000		70,000
		<u>51,000</u>		<u>98,500</u>

CRM - website redevelopment & enhancements - the 2025 budget line is an estimate for any enhancements to the system. The 2024 Budget was in respect of estimated expenditure in respect of the website redevelopment & any enhancements arising from the regulatory arrangements review.

i. Legal & Professional

	2025 Budget		2024 Budget comparative	
	£	£	£	£
Legal & Professional Costs		30,500		26,000
Actuarial and Legal Costs in respect of Compensation Fund		10,000		10,000
Statistical Sampling in relation to Thematic Reviews		0		15,000
PII Sandbox - Review (2024: Implementation)		10,000		10,000
Transparency Thematic Reviews		5,000		30,000
		<u>55,500</u>		<u>91,000</u>

2025 BUDGET

Notes (continued):

j. Legal Choices

The budget line includes IPReg's contribution to the running costs of the Legal Choices website of £5,800 (unchanged from 2024) and £25,000 in respect of IPReg' share of the costs of the development and maintenance of a Regulatory Information Service.

k. Staff Costs

	2025 Budget		2024 Budget comparative	
	£	£	£	£
CEO		101,100		96,600
Regulatory Officers		400,500		354,600
Administrative Staff		83,750		84,350
Employer's National Insurance		63,350		62,150
Pension Costs		16,200		14,200
Staff Benefits		8,500		11,500
Staff development and training		5,000		5,000
		<u>678,400</u>		<u>628,400</u>

Staff costs - the 2024 budget has a projected increase of 5% for current IPReg staff salaries. The 2023 Budget anticipated a 5% increase for staff. The IPReg Board decided in January 2023 that, given the then rate of inflation, staff salaries should increase by 9.3%.

Regulatory Officers - includes an additional staff member recruited in 2024 to oversee the Education Review exercises that IPReg is undertaking and budget for additional Regulatory support that may be required. The 2024 comparative has also been adjusted - see note f.

Reserves Policy

1. There is no statutory requirement to hold reserves or to ring-fence reserves for specific purposes. We consider that it is financially prudent to hold reserves for the following purposes:
 - a. to cushion against unexpected or exceptional increases in costs;
 - b. financing specific project commitments including capital and systems expenditure to promote the regulatory objectives and fulfil our regulatory functions;
 - c. alleviating any short-term pressure on the level of practising fee or fluctuations in the level of fees year on year;
 - d. ensuring sufficient funds to support regulatory and disciplinary actions;
 - e. covering costs of up to 3 months if we were unable to collect practising fees, for example as a result of an IT system failure.
2. Reserves are considered by the Board annually when the operating balance for the preceding financial year is identified. Decisions about the transfer of part or all of specific reserve(s) to or from the income and expenditure account will be considered and made by the Board at this meeting.
3. Additionally, the Board will review the level of financial risk that IPReg faces, using information available on its risk register and the results of the audit of its accounts for the preceding year. As a result of this review, project-related or allocated costs reserves may be adjusted or reallocated to other or new reserves.

Compensation Fund Reserve

4. In 2021, IPReg had to establish a Compensation Fund Reserve to comply with its statutory requirement to have appropriate compensation arrangements in place. This was previously met through a bespoke insurance policy which was withdrawn by the provider and no replacement policy can be found.
5. The Legal Services Board requires all regulators to identify “committed reserves” and IPReg considers that the Compensation Fund Reserve falls into this category. As such, points 2 and 3 do not apply to the Compensation Fund Reserve.
6. Basis of Claims: The compensation fund is a ‘claims made’ fund (replicating the terms of the previous insurance policy), i.e. it covers claims notified in the ‘contribution year’, irrespective of when the dishonesty occurred (because dishonesty may not be discovered until several years after the dishonest event occurred).
7. Funding Basis: The actuarial assessment is a (prudent) expected claims cost of £30k pa. Thus each year’s P&L (opex budget) will be charged £30k. In addition, for additional prudence, the fund will be fully funded on Day 1 for a maximum pay-out in Year 1 (£100k). This means an additional transfer from Reserves of c£70k in Year 1. If no claims are notified in Year 1, and the maximum pay-out in Year 2 remains £100k. This £30k opex cost in Year 2 will enable £30k of the additional transfer to be returned to Reserves. An actuarial review is planned by the end of Year 2 to determine if the claims experience warrants continuing to hold the maximum annual pay-out of £100k.

8. Funding Principles/third party oversight: Initial funding principles for the first 2 years for the new fund will be to ring-fence funds no less than the actuary's assessment of the risk of claims emerging from incidents at each future actuarial review assessment date, bearing in mind, as above, that dishonesty may not be discovered until several years later.
9. Fund Management/third party oversight: the Compensation Fund Reserve will be held in a separate bank account. No withdrawals will be made without actuarial and legal approval (e.g. to pay claims).
10. Fund Investment/third party oversight: IPReg's Compensation Arrangements Rules 2021 give it the power to invest and borrow against the Compensation Fund. However, initially (i.e. for Year 1 and Year 2) the Fund will be invested in cash until next actuarial review and no borrowing/investing will take place without actuarial and legal advice on the impact on claimant security.

September 2021

Annex E

RESERVES AS AT 30 JUNE 2024

Please note: the Operating surplus for the 6 months ended 30 June is a draft figure and is unaudited.

	£	£	Adjustments	Adjusted Reserves
COMMITTED RESERVES				
Compensation Fund Reserve		100,000		100,000
UNCOMMITTED RESERVES				
General Contingency Reserve	1	270,000	50,000	320,000
Assurance Disciplinary & Litigation Reserve	2	210,000	35,000	245,000
Funding Diversity Initiatives Reserve		20,000		20,000
IT/Website Reserve	3	60,000	35,000	95,000
General Operational & Research Reserve	4	76,000	20,000	96,000
Income & Expenditure Account				
Brought forward at 1 January 2024		140,834		
Operating surplus for the 6 months ended 30 June 2024		748,017		
	5	<u>888,851</u>	-140,000	748,851
		<u>£1,624,851</u>		<u>£1,624,851</u>

The Board approved the following adjustments to the Reserves at the 11 July 2024 meeting which are reflected above:

- 1 To increase the General Contingency Reserve by £50,000
- 2 To increase the Assurance Disciplinary & Litigation Reserve by £35,000
- 3 To increase the IT/Website Reserve by £35,000
- 4 To increase the General Operational & Research Reserve by £20,000
- 5 To transfer £140,000 from the Income & expenditure Account to be allocated to other Reserves as noted in point 1-4.

[See our Reserves Policy](#)

ANNEX F

IPReg Practice Fee Regulations ~~2023~~2024

These regulations set out *IPReg's* requirements in relation to practice fees payable by *registered persons* on entry to the *register(s)* and on annual renewal of registration to the *register(s)*. They also set out the penalty fees that *IPReg* will apply in the event that a *registered attorney* fails to renew their registration by the *prescribed* date, and the penalty fee that *IPReg* may direct to be payable by an individual applicant seeking restoration to the *register(s)* following removal for failure to renew registration.

These regulations relate to provisions set out at Chapter 3 of *IPReg's* Core Regulatory Framework, and associated requirements set out in *IPReg's* Standard Operating Procedure in respect of admission and authorisation, and Chapter 6 of the Core Regulatory Framework, and associated requirements set out in the Standard Operating Procedure in respect of applications to waive the practice fees set out in these regulations.

Registered attorneys: entry onto the register and annual renewal of registration

1. The *prescribed* practice fee for:
 - a. Applicants seeking entry onto the *register(s)* in accordance with 1.3 of Chapter 3 of the Core Regulatory Framework and paragraph 2 of the part of the *IPReg* Standard Operating Procedure relating to admission and authorisation requirements; and
 - b. *Registered attorneys* seeking renewal of their annual registration in accordance with 4.1 of Chapter 3 of the Core Regulatory Framework and paragraph 73 of the part of the *IPReg* Standard Operating Procedure relating to admission and authorisation requirements,

shall be in accordance with Table 1 below.

Table 1: *Registered attorneys*: practice fees for entry onto the relevant *register(s)* or annual renewal of registration

	For entry onto a single <i>register</i> , or renewal of registration for, a single <i>register</i>	For entry onto both <i>registers</i> , or renewal of registration for, both <i>registers</i>
<i>Registered attorney</i> solely undertaking corporate work	£ 203 209	£ 324 334
<i>Registered attorney</i> in private practice	£ 246 253	£ 404 416

<i>Registered attorney not in active practice</i>	£171	£273
<i>Registered attorney practising as a sole trader and not employing other registered attorneys or other professionals *</i>	£404 416	£577 594
<i>Registered attorney practising as a sole trader and employing other registered attorneys or other professionals * <u>NB SUBJECT TO CONSULTATION PROPOSAL TO ABOLISH THIS CATEGORY</u></i>	£404 416 + £81-83 for each registered attorney employed by the sole trader + £324-334 for each other professional employed by the sole trader	£577 594 + £81-83 for each registered attorney employed by the sole trader + £324-334 for each other professional employed by the sole trader

* For the purposes of these Regulations, “other professional” shall mean a *manager* or *employee* based in the *UK* who is: (i) not a *registered attorney* but holds the qualifications necessary for registration; (ii) a qualified European patent and/or trade mark attorney; (iii) a barrister of England and Wales; or (iv) a solicitor of England and Wales.

Registered attorneys: penalty fee for failure to renew registration by the prescribed date

2. In accordance with 4.1 and 4.2 of Chapter 3 of the Core Regulatory Framework, and paragraphs 73 to 80, inclusive, of the part of the *IPReg* Standard Operating Procedure relating to admission and authorisation requirements, the penalty fee that will apply to *registered attorneys* who have not renewed their registration before the *prescribed* date in each year, shall be equal to 50% of the corresponding practising fee for entry on to or renewal for the *register(s)* in accordance with Table 1, up to a maximum penalty fee of £250.
3. In accordance with 5.3.7 of Chapter 3 of the Core Regulatory Framework and paragraph 98 of the part of the *IPReg* Standard Operating Procedure relating to admission and authorisation requirements, the penalty fee that *IPReg* may direct an individual applicant who is seeking restoration to the *register* following removal for failure to renew registration to pay, shall be equal to 50% of the corresponding practising fee for entry on to or renewal for the *register(s)* in accordance with Table 1, up to a maximum penalty fee of £250.

Registered attorneys: waivers in respect of practising fees

4. In accordance with 2 of Chapter 6 of the Core Regulatory Framework and associated requirements set out in the part of the *IPReg* Standard Operating Procedure relating to waivers, a *registered attorney* may apply to *IPReg* for all or part of their relevant practice fees as set out in Table 1 to be waived.

5. Waivers in respect of practice fees will only be granted where the *registered attorney* provides evidence of hardship.
6. A *registered attorney* whose practice fee is waived under this regulation will remain on the *register(s)* and must continue to comply with *IPReg’s regulatory arrangements*, including, but not limited to, the requirement set out in 3.10 and 3.11 of the Code of Conduct in Chapter 2 of the Core Regulatory Framework, to take out and maintain a policy of Professional Indemnity Insurance and, where necessary, run-off cover insurance.
7. A *registered attorney* who has had their practice fee waived under this regulation must notify *IPReg* within 14 days of a change in their circumstances, such as an increase in income, becoming employed or resuming trading. In such event, their full practising fee will become payable to *IPReg* within 28 days of their notification to *IPReg* of their change in circumstances.

Registered and licensed bodies: entry onto the *register(s)* and annual renewal of registration

8. Subject to Regulation 5, the *prescribed* practice fee for:
 - a. Applicants seeking entry onto the *register(s)* in accordance with 2.1 of Chapter 3 of the Core Regulatory Framework and paragraph 33 of the part of the *IPReg* Standard Operating Procedure relating to admission and authorisation requirements; and
 - b. *Registered and licensed bodies* seeking to renew their annual registration in accordance with 4.1 of Chapter 3 of the Core Regulatory Framework and paragraph 73 of the part of the *IPReg* Standard Operating Procedure relating to admission and authorisation requirements,

shall be in accordance with Table 2 below.

Table 2: *Registered and licensed bodies* practice fees for entry onto the *register(s)* or annual renewal of registration

	For entry onto either or both <i>register(s)</i> , or renewal of registration
<i>Registered bodies</i> through which only a single <i>registered attorney</i> provides services (employing no other <i>registered attorneys</i> or other professionals) *	£ 158 163

Any other <i>registered and licensed bodies</i>	£ 404-416 + £ 81-83 for each <i>registered attorney</i> practising via the <i>registered or licensed body</i> + £ 324-334 for each other professional practising via the <i>registered or licensed body</i> *
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* For the purposes of these Regulations, “other professional” shall mean a *manager* or *employee* based in the *UK* who is: (i) not a *registered attorney* but holds the qualifications necessary for registration; (ii) a qualified European patent and/or trade mark attorney; (iii) a barrister of England and Wales; or (iv) a solicitor of England and Wales.

9. *Registered bodies* and *licensed bodies* will be subject to an additional fee for their first approval, which shall be equal to the practice fee payable upon their entry onto a single or both *register(s)*.

Commencement provisions

10. The fees set out in these regulations shall apply from 1st January 2024 until further amended or substituted by further regulation.

Supplemental notes

These Regulations are made under section 275A of the Copyright Designs and Patents Act 1988 and section 83A of the Trade Marks Act 1994, respectively (pursuant to sections 185 and 184 of the Legal Services Act 2007) and section 21 of the Legal Services Act 2007.

Reserves Policy

1. There is no statutory requirement to hold reserves or to ring-fence reserves for specific purposes. We consider that it is financially prudent to hold reserves for the following purposes:
 - a. to cushion against unexpected or exceptional increases in costs;
 - b. financing specific project commitments including capital and systems expenditure to promote the regulatory objectives and fulfil our regulatory functions;
 - c. alleviating any short-term pressure on the level of practising fee or fluctuations in the level of fees year on year;
 - d. ensuring sufficient funds to support regulatory and disciplinary actions;
 - e. covering costs of up to 3 months if we were unable to collect practising fees, for example as a result of an IT system failure.
2. Reserves are considered by the Board annually when the operating balance for the preceding financial year is identified. Decisions about the transfer of part or all of specific reserve(s) to or from the income and expenditure account will be considered and made by the Board at this meeting.
3. Additionally, the Board will review the level of financial risk that IPReg faces, using information available on its risk register and the results of the audit of its accounts for the preceding year. As a result of this review, project-related or allocated costs reserves may be adjusted or reallocated to other or new reserves.

Compensation Fund Reserve

4. In 2021, IPReg had to establish a Compensation Fund Reserve to comply with its statutory requirement to have appropriate compensation arrangements in place. This was previously met through a bespoke insurance policy which was withdrawn by the provider and no replacement policy can be found.
5. The Legal Services Board requires all regulators to identify “committed reserves” and IPReg considers that the Compensation Fund Reserve falls into this category. As such, points 2 and 3 do not apply to the Compensation Fund Reserve.
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7. Funding Basis: The actuarial assessment is a (prudent) expected claims cost of £30k pa. Thus each year’s P&L (opex budget) will be charged £30k. In addition, for additional prudence, the fund will be fully funded on Day 1 for a maximum pay-out in Year 1 (£100k). This means an additional transfer from Reserves of c£70k in Year 1. If no claims are notified in Year 1, and the maximum pay-out in Year 2 remains £100k. This £30k opex cost in Year 2 will enable £30k of the additional transfer to be returned to Reserves. An actuarial review is planned by the end of Year 2 to determine if the claims experience warrants continuing to hold the maximum annual pay-out of £100k.

8. Funding Principles/third party oversight: Initial funding principles for the first 2 years for the new fund will be to ring-fence funds no less than the actuary's assessment of the risk of claims emerging from incidents at each future actuarial review assessment date, bearing in mind, as above, that dishonesty may not be discovered until several years later.
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September 2021

2025 BUDGET

	Note	2025 Budget		2024 Budget comparative	
		£	£	£	£
PROJECTED INCOME	<i>a.</i>		1,344,451		1,247,781
PROJECTED EXPENDITURE					
LEGAL SERVICES BOARD AND LEGAL OMBUDSMAN	<i>b.</i>		103,450		91,600
PROJECTED OPERATIONAL EXPENDITURE					
Board/Directors	<i>c.</i>		117,550		99,000
Conduct & Disciplinary incl. Assurance & Litigation	<i>d.</i>		50,000		50,000
Corporation Tax			1,000		3,000
Diversity Initiatives	<i>e.</i>		12,500		27,000
Education & Projects	<i>f.</i>		90,000		27,600
Financial Expenses			8,000		7,000
General Administration Expenses	<i>g.</i>		88,950		107,170
IT Support (office and website)	<i>h.</i>		51,000		98,500
Legal & Professional	<i>i.</i>		55,500		91,000
Legal Choices	<i>j.</i>		31,600		5,800
PR/Communications			10,000		3,000
Staff Costs	<i>k.</i>		678,400		628,400
TOTAL PROJECTED EXPENDITURE			<u>1,297,950</u>		<u>1,239,070</u>
PROJECTED OPERATING BALANCE			<u>£46,501</u>		<u>£8,711</u>

See notes overleaf

2025 BUDGET

Notes:

a. Projected Income

	2025 Budget		2024 Budget comparative	
	£	£	£	£
Budgeted Practice Fees - Attorneys & Entities		1,330,451		1,247,781
Other Income		14,000		0
		<u>1,344,451</u>		<u>1,247,781</u>

Budgeted Practice Fee Income for 2025 - based on a fee increase of 3% applied to the estimate of the final practice fee income for 2024 for all practising fee paying categories (no increase applied to the not in active practice fee paying category) and also a provision for attorney admissions reduced by an estimate for voluntary removals/removals in 2025.

Other Income - an estimate has been made for other income from bank interest and from role holder/licensed body applications based on the average over the past 3 years. No estimate for costs awards/fines from disciplinary cases has been made as these are outside our control.

b. Legal Services Board and Legal Ombudsman

	2025 Budget		2024 Budget comparative	
	£	£	£	£
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LeO/OLC Levy		5,000		5,000
		<u>103,450</u>		<u>91,600</u>

The LSB year end is 31 March, therefore the budget is made up of 2 levy years. The 2025 budget figure has been calculated by taking the estimated levy for 2024/2025 (calculated to be 9.87% higher than the 2023/2024 levy) and taking a prorated proportion of an estimated levy for 2025/2026 with a similar increase.

c. Board/Directors

	2025 Budget		2024 Budget comparative	
	£	£	£	£
Replacement of Chair		30,000		0
Replacement of Board members		0		14,000
Remuneration		73,300		70,500
Travel & Subsistence		10,000		10,500
Employer's National Insurance		4,250		4,000
		<u>117,550</u>		<u>99,000</u>

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

Board Fees - the 2025 budget has estimated an increase of 5%. Board fees will be increased by the 12 month CPI rate to December 2024.

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, to aid transparency.

d. Conduct & Disciplinary incl. Assurance & Litigation

	2025 Budget		2024 Budget comparative	
	£	£	£	£
External Legal Costs and Hearing Costs		<u>50,000</u>		<u>50,000</u>

2025 BUDGET

Notes (continued):

e. Diversity Initiatives

	2025 Budget		2024 Budget comparative	
	£	£	£	£
Donations		12,500		7,000
Diversity research and survey		0		20,000
		<u>12,500</u>		<u>27,000</u>

f. Education

The budget also includes £85,000 in respect of external costs to consider the regulatory policy issues regarding the development of different routes to qualification particularly for the patent attorney qualification, accreditations, review of the Accreditation Handbook and review of the Competency Frameworks. The 2024 budget comparative included costs that have now been allocated to a staff member to oversee the review of education which have been reallocated to Staff Costs to aid comparison.

g. General Administration Expenses

	2025 Budget		2024 Budget comparative	
	£	£	£	£
Licence & Services		63,950		82,170
Other Office Costs		25,000		25,000
		<u>88,950</u>		<u>107,170</u>

Licence & Services - the 2024 budget was based on an increase of 5% when the licence expired at the end of March 2024. The 2025 budget is reflects the costs of the move to a smaller office when the licence and services agreement for the current office expires at the end of September 2024.

h. IT Support (office and website)

	2025 Budget		2024 Budget comparative	
	£	£	£	£
Support		14,000		13,500
CRM - operational		17,000		15,000
CRM - website redevelopment & enhancements		20,000		70,000
		<u>51,000</u>		<u>98,500</u>

CRM - website redevelopment & enhancements - the 2025 budget line is an estimate for any enhancements to the system. The 2024 Budget was in respect of estimated expenditure in respect of the website redevelopment & any enhancements arising from the regulatory arrangements review.

i. Legal & Professional

	2025 Budget		2024 Budget comparative	
	£	£	£	£
Legal & Professional Costs		30,500		26,000
Actuarial and Legal Costs in respect of Compensation Fund		10,000		10,000
Statistical Sampling in relation to Thematic Reviews		0		15,000
PII Sandbox - Review (2024: Implementation)		10,000		10,000
Transparency Thematic Reviews		5,000		30,000
		<u>55,500</u>		<u>91,000</u>

2025 BUDGET

Notes (continued):

j. Legal Choices

The budget line includes IPReg's contribution to the running costs of the Legal Choices website of £6,600 and £25,000 in respect of IPReg' share of the costs of the development and maintenance of a Regulatory Information Service.

k. Staff Costs

	<u>2025 Budget</u>		<u>2024 Budget comparative</u>	
	£	£	£	£
CEO		101,100		96,600
Regulatory Officers		400,500		354,600
Administrative Staff		83,750		84,350
Employer's National Insurance		63,350		62,150
Pension Costs		16,200		14,200
Staff Benefits		8,500		11,500
Staff development and training		5,000		5,000
		<u>678,400</u>		<u>628,400</u>

Staff costs - the 2025 budget has a projected increase of 5% for IPReg staff salaries.

Regulatory Officers - includes an additional staff member recruited in 2024 to oversee the Education Review exercises that IPReg is undertaking and budget for additional Regulatory support that may be required. The 2024 comparative has also been adjusted - see note f.

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

ACTUAL v BUDGET FOR YEAR ENDED 31 DECEMBER 2023

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.

ACTUAL v BUDGET FOR YEAR ENDED 31 DECEMBER 2023

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.

ACTUAL v BUDGET FOR YEAR ENDED 31 DECEMBER 2023

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.

The Intellectual Property Regulation Board

2025/26 Business Plan

**Changes as a result of the consultation are shown tracked –
to be accepted prior to publication**

Business Plan – 2025/26¹

IPReg's strategic priorities

1. In November 2023, reflecting the progress made in achieving its initial strategic priorities the Board re-cast its strategic priorities:

A. Users of IP legal services and the public

Strategic priority: To improve consumer knowledge and empowerment among users of IP legal services.

We will do this by:

- a. Increasing the public profile of IPReg to the regulated community and users of IP legal services;
- b. Increasing our understanding of the needs and expectations of users of IP legal services;
- c. Providing targeted and proportionate information to enable those users to make informed choices about their legal adviser;
- d. Increasing our understanding of the needs and expectations of all types of regulated attorneys/firms and disseminating information about best practice.

B. The profession (current and future)

Strategic priority: Setting, promoting and enforcing high quality education and professional standards for entry to the professions.

We will do this by:

- a. Using data and insights from our regulatory activity to influence the future of the profession in a way that ensures that appropriate standards are maintained and routes to entry onto the registers are varied and fit for purpose;
- b. Encouraging an increase in the good quality providers of qualification pathways and examinations, in particular as a tool to increase the diversity of the trade mark and patent attorney professions;
- c. Gathering data about the diversity of the profession (attorneys and students) to inform our decision making.

C. IPReg

Strategic priority: Carrying out our regulatory activities proactively, effectively and inclusively, ensuring the efficient use of resources.

We will do this by:

- a. Building our capacity to understand and respond to global and market trends (including the use of technology) that impact on intellectual property matters, the wider environment and our approach to regulation;
- b. Acting quickly and consistently when we identify potential breaches of regulatory requirements and conducting investigations efficiently and effectively;

¹ Note that all dates are for the calendar year.

- c. Encouraging innovation and competition in the provision of regulated IP legal services.

Driving forward our work on education

2. The IPReg Board wants to maintain the momentum it has built up on education issues. Through the course of this work, we have identified a number of regulatory policy issues in the route to qualification for patent attorneys (particularly at the advanced level). We have therefore turned our focus (and resources) to exploring the policy issues raised about the patent attorney qualification route.
3. During 2024, we have been considering the most appropriate way to take this work forward. There are a number of different, inter-dependent elements to the work and we are in the process of recruiting a Head of Education Review project manager (in the same way that we did for the review of our regulatory arrangements) to ensure that project runs smoothly. Stakeholder engagement will be crucial to ensuring that the proposals we put forward have widespread support. We anticipate that, in addition to bi-lateral meetings, we will set up focus groups to discuss specific topics.
4. The epi has introduced wide ranging changes to the way in which the EQEs are structured. These changes will be introduced between 2025 and 2027. Currently, IPReg's regulatory arrangements provide that passing EQE papers A and B provides exemptions from the PEB's FD2 and FD3 exams.² We therefore need to evaluate the changes to the EQEs in order to establish how our regulatory arrangements need to change to ensure that exemptions can continue to apply (and, possibly, expand) and what transitional arrangements will need to be put in place. In 2024, we started working with Julia Gwilt (Chair of the epi Professional Education Committee) to map the new EQEs onto IPReg's competency framework. We realise the importance of providing as much certainty as possible to candidates and employers about our future approach. We will consult on the changes that are necessary and will take forward a rule change application to the Legal Services Board once we have considered the responses to that consultation. We will provide more information about timing during 2024 and continue the work into 2025.
5. In addition to the above work, we will continue to work on important issues concerning accredited attorney qualification providers:
 - a. Working with providers to ensure that accreditation recommendations are taken forward and quality assurance mechanisms are fit for purpose, including responding to key stakeholder feedback. Where there are concerns, IPReg will raise these with the provider to ensure that action is taken. This work will continue as necessary in 2025/26;
 - b. Working with providers to ensure that online delivery of courses and examinations meets the required standards;
 - c. Working with stakeholders and potential providers to encourage new qualification pathway options including apprenticeships;
 - d. We will continue to undertake reaccreditation assessments (typically every 5 years) of qualification providers.
6. As part of this work, we will start reviews of the IPReg Competency Frameworks. We will also start a review the Accreditation Handbook.
7. [As a result of changes that have been proposed by the Patent Examination Board \(PEB\) for changes to all its Final Diploma exams, it is likely that we will have to undertake a full reaccreditation assessment of those exams. We understand that the PEB will be conducting a further consultation in September 2024 at which point we will be able to establish with more certainty the nature of the proposed changes and what this entails for the accreditation process.](#)

² There are other permutations for exemptions but this is the main one that we see on applications for admission to the register.

8. We anticipate that this work will need significant input from external advisers, for example on the best approach to identify what should be included in the competency framework. We have therefore allocated £85,000 to this work in the budget.
9. This work supports in particular the regulatory objective of encouraging an independent, strong, diverse and effective legal profession.³

Thematic reviews

10. Our new regulatory arrangements came into force on 1 July 2023. We are committed to reviewing the effectiveness of the new arrangements. The new arrangements were accompanied by an impact assessment. In 2025 we will review the impact of the new arrangements by updating the impact assessment. We will publish the revised impact assessment and ask for views on it from our stakeholders.
11. We will also assess the effectiveness of elements of the new arrangements by conducting thematic reviews:
 - a. Continuing competence – attorneys are now required to: assess, bearing in mind their existing skills and the nature of their practice, how they will maintain their competence. This means that they regularly:
 - Reflect on their professional knowledge and skills and identify any development needs;
 - Plan how these needs can be addressed through appropriate activities, training and other learning; and
 - Record the assessments and evaluate the activities they have undertaken in the light of those assessments.

Attorneys must confirm to IPReg annually that they have met these requirements and, if requested, provide to us their records or other material which demonstrates that they have met the requirements. We have transitional arrangements on enforcement of these requirements in place for approximately 18 months; they will end no later than 30 June 2025. This will give attorneys and firms sufficient time to become familiar with the new arrangements.

In 2024, we are conducting random sampling of attorneys' records or other material to assess how well the new requirements have been embedded, identify any barriers to compliance with them and provide examples of good practice. Depending on the outcome of that review, a further review may need to be conducted in 2025.

If a second review is needed, this will be financed from our reserves.

- b. Transparency requirements – these will provide better information to clients and prospective clients about costs. The new rules require that attorneys give appropriate explanations to their clients about any financial benefits that they receive as a result of the work that they do. This includes commissions, foreign exchange rate uplifts or discounts or rebates. Attorneys also need to inform their clients about any referral arrangements in place such as payment of a referral fee and fee sharing arrangements. Although it will be for attorneys/firms to decide how to provide this

³ The LSA section 28(2) imposes an obligation on IPReg to, so far as is reasonably practicable, act in a way (a) which is compatible with the regulatory objectives, and (b) which [IPReg] considers most appropriate for the purpose of meeting those objectives. The regulatory objectives in the LSA section 1(1) are: (a) protecting and promoting the public interest; (b) supporting the constitutional principle of the rule of law; (c) improving access to justice; (d) protecting and promoting the interests of consumers; (e) promoting competition in the provision of [legal] services; (f) encouraging an independent, strong, diverse and effective legal profession; (g) increasing public understanding of the citizen's legal rights and duties; (h) promoting and maintaining adherence to the professional principles [in LSA section 1(3)]; (i) promoting the prevention and detection of economic crime.

information, it must be clear, accurate and sufficient to enable clients and prospective clients to make informed decisions about who to instruct. We will be conducting this review in the second half of 2024 and plan to publish a report on its findings and lessons learned early in 2025.

[Once we have the results of the thematic review on transparency and have FTC information from firms' Annual Returns, we will consider whether we need to do additional work on FTCs. This will also be informed by our discussions with stakeholders on what type \(if any\) of quality indicators might be useful to users of IP legal services.](#)

We have allocated £5,000 for follow up work on transparency.

- c. During 2025, we will continue to assess applications for admission to our professional indemnity insurance (PII) sandbox. This enables testing alternative PII arrangements by providing a way for firms or sole traders to obtain PII from insurers who are not on IPReg's list of participating insurers. This will then enable them to apply to be admitted to, or remain on, the IPReg registers and be regulated. It may also be of interest to firms who are able to obtain cover from a participating insurer but who want to make alternative arrangements (perhaps for commercial reasons).

We will continue to monitor closely how the sandbox is working throughout 2025. Depending on the nature and extent of applicants and entrants, we will conduct a thematic review of how the sandbox is working towards the end of 2025.

We have budgeted £10,000 for this work which would be allocated, if required, to external advice (e.g. from an insurer or actuary).

12. This work supports all the regulatory objectives in the Legal Services Act 2007 (LSA).

Building our evidence base

- [13.](#) In addition to the data and evidence gathering work that we plan to undertake for the thematic reviews on continuing competence and transparency, we will continue to gather data and evidence about the nature of the IP legal sector.

- [14.](#) [Our Technology and Innovation Working Group has been established to advise the Board on its approach to changes in the way technology is being used to provide legal services in the regulated IP sector. Its work will continue in 2025 and includes:](#)

- [a. Conducting regular horizon scanning to identify emerging technologies and innovative practices relevant to IP legal services regulation;](#)
- [b. Evaluating the potential impact of these technologies on the IP legal services sector and regulatory processes;](#)
- [c. Considering whether to recommend changes to IPReg's regulatory arrangements to accommodate technological advancements.](#)

~~13.~~

- ~~14-15.~~ We will continue to work with our external adviser who reviews relevant research by the other regulators, the Legal Services Consumer Panel and other bodies to evaluate whether it should be incorporated into IPReg's evidence base.

- ~~15-16.~~ This work supports all the regulatory objectives.

Diversity

- ~~16-17.~~ For the avoidance of doubt, we remain committed to keeping a ring-fenced reserve to fund suitable diversity initiatives. The reserve is currently set at £20,000.

18. We are undertaking a diversity survey in 2024 and will publish the results on our website. We do not plan to repeat the survey in 2025. [However, we will review whether we can and should capture diversity data on the CRM on admission to the registers and as part of the Annual Return process, including the cost of changes to the CRM.](#)

~~17.~~

~~18-19.~~ We will be using our work on diversity to inform our education workstreams. Understanding how to widen participation and progression in the profession will be a key factor in exploring different routes to qualification for patent attorneys. This information will form a key part of our education workstream and should help us to improve the opportunities at the earliest stages of education and training.

~~19-20.~~ We will continue to work with, and contribute to, the cross-sector work on EDI. This will enable us to learn from stakeholders in the IP sector and other regulators. We will share our research and experiences and work towards a collective approach to gathering data, identifying barriers to entry to the legal profession and the sector's approach to designing, implementing and evaluating regulatory interventions.

~~20-21.~~ This work supports in particular the regulatory objective of encouraging an independent, strong, diverse and effective legal profession.

Responding to LSB consultations and related work

21-22. The Legal Services Board ("LSB") is IPReg's (and the other legal regulators') regulator. The volume of work that is generated by the LSB has increased significantly over the last 5 years. Prior to that, we were able to accommodate this work as part of our normal day to day business as usual. However, the current volume of work means that this approach is no longer possible and additional resources are needed. The Director of Policy undertakes this work as well as work on wider policy issues.

22-23. The LSB's [Quarterly Activity Schedule](#) for 2024/25⁴ shows a significant number of issues where IPReg will need to engage with and respond to the LSB's work including in January to March 2025:

- a. Evaluation by the IPReg Board of our performance against the LSB's performance management framework;
- b. Considering the impact of the LSB's proposals for regulators to advance equality, diversity and inclusion;
- c. Considering the impact of the LSB's decisions following its consultation on professional ethics;
- d. Responding to a possible LSB consultation on disciplinary and enforcement processes;
- e. Ongoing engagement on technology (including AI) and its use in the IP sector;
- f. Responding to the LSB's review of approaches to consumer vulnerability;
- g. Responding to the LSB's work on a review of its Internal Governance Rules;
- h. Responding to any consultation by the LSB of its own enforcement policy;
- i. Considering the impact of any decision by the LSB on its work on access to justice.

23-24. In addition, the LSB's [Business Plan](#) for 2024/25 includes the following issues where IPReg will need to engage with and respond to the LSB's work:

⁴ The LSB operates on a financial year basis.

- a. Responding to requests for information about IPReg's compliance with the LSB's new [regulatory performance framework](#);
- b. Responding to ongoing monitoring requests from the LSB concerning its expectation that IPReg is meeting the requirements set out in its various statutory statements of policy;
- c. Responding to any investigations and/or thematic reviews that the LSB undertakes which impact on IPReg's work;
- d. Other requests for information during the course of the year.

Our day to day activities

~~24-25.~~ In addition to the specific areas of work set out above, the IPReg team carries out a wide range of "business as usual" activities. These include:

- a. Considering applications from individuals and entities for registration on, and removal from, the registers;
- b. Providing advice on our regulatory arrangements;
- c. Investigating complaints and taking disciplinary action where necessary;
- d. Dealing with enquires to our CRM system and our "Info" email box.

~~25-26.~~ These activities support all the regulatory objectives.

Impact of Covid-19: IPReg's office and Board meetings

~~26-27.~~ We are working on a hybrid basis: members of the IPReg Team must work in the office for a minimum of half their working time. We have considered whether it would be appropriate not to have a fixed base in London and to work permanently from home, booking regular meeting spaces as required. However, because IPReg is a small team, the IPReg Board considers that it is important to ensure that staff overlap as much as possible and our experience of returning to the office after the lockdowns is that it is highly beneficial to be in the office with colleagues when developing policy issues or generating ideas. Nevertheless, we recognise that our office licence fee and related services costs is a significant proportion of the budget. We have therefore decided to move (in October 2024) to a smaller office with our current provider with an associated reduction in licence and service fees of £15,200 a year.

We have budgeted £63,950 for our licence fees and services.

~~27-28.~~ The Board will continue its practice of holding hybrid meetings for its 7 scheduled meetings in 2025.

~~28-29.~~ In September 2025, our Chair (Lord Smith of Finsbury) will complete his second term of office and step down from the Board. We will run an open recruitment campaign for his successor (who must be a lay person) and use an external recruitment consultant to help us with this process.

We have budgeted £30,000 for this.

RESERVES AS AT 30 JUNE 2024

Please note: the Operating surplus for the 6 months ended 30 June is a draft figure and is unaudited.

	£	£	Adjustments	Adjusted Reserves
COMMITTED RESERVES				
Compensation Fund Reserve		100,000		100,000
UNCOMMITTED RESERVES				
General Contingency Reserve	1	270,000	50,000	320,000
Assurance Disciplinary & Litigation Reserve	2	210,000	35,000	245,000
Funding Diversity Initiatives Reserve		20,000		20,000
IT/Website Reserve	3	60,000	35,000	95,000
General Operational & Research Reserve	4	76,000	20,000	96,000
Income & Expenditure Account				
Brought forward at 1 January 2024		140,834		
Operating surplus for the 6 months ended 30 June 2024		748,017		
	5	<u>888,851</u>	-140,000	748,851
		<u>£1,624,851</u>		<u>£1,624,851</u>

The Board approved the following adjustments to the Reserves at the 11 July 2024 meeting which are reflected above:

- 1 To increase the General Contingency Reserve by £50,000
- 2 To increase the assurance Disciplinary & Litigation Reserve by £35,000
- 3 To increase the IT/Website Reserve by £35,000
- 4 To increase the General Operational & Research Reserve by £20,000
- 5 To transfer £140,000 from the Income & Expenditure Account to be allocated to other Reserves as noted in point 1-4.

[See our Reserves Policy](#)

Regulatory Objectives – Legal Services Act 2007

RO1	Protecting and promoting the public interest
RO2	Supporting the constitutional principles of the rule of law
RO3	Improving access to Justice
RO4	Protecting and promoting the interests of consumers
RO5	Promoting competition in the provision of services
RO6	Encouraging an independent, strong, diverse and effective legal profession
RO7	Increasing public understanding of the citizen’s legal rights and duties
RO8	Promoting and maintaining adherence (by authorised persons) to the professional principles
RO9	Promoting the prevention and detection of economic crime

ACTUAL v BUDGET FOR 6 MONTHS ENDED 30 JUNE 2024 AND PROJECTION v BUDGET YEAR ENDED 31 DECEMBER 2024

THESE FIGURES HAVE BEEN PREPARED FOR MANAGEMENT INFORMATION PURPOSES AND ARE UNAUDITED

	Note	6 ME 30-6-2024			YE 31-12-2024		
		Actual £	Budget £	Variance £	Projected £	Budget £	Variance £
PROJECTED INCOME	<i>a.</i>	<u>1,273,147</u>	<u>1,235,303</u>	<u>37,844</u>	<u>1,302,127</u>	<u>1,247,781</u>	<u>54,346</u>
PROJECTED EXPENDITURE							
LEGAL SERVICES BOARD AND LEGAL OMBUDSMAN	<i>b.</i>	44,476	45,800	1,324	90,926	91,600	674
PROJECTED OPERATIONAL EXPENDITURE							
Board/Directors	<i>c.</i>	49,631	49,500	-131	92,656	99,000	6,344
Conduct & Disciplinary incl. Assurance & Litigation	<i>d.</i>	406	25,000	24,594	102,310	50,000	-52,310
Corporation Tax	<i>e.</i>	2,675	1,500	-1,175	4,290	3,000	-1,290
Diversity Initiatives	<i>f.</i>	15,480	13,500	-1,980	25,160	27,000	1,840
Education & Projects	<i>g.</i>	420	13,800	13,380	25,000	27,600	2,600
Financial Expenses	<i>h.</i>	4,856	5,500	644	7,135	7,000	-135
General Administration Expenses	<i>i.</i>	45,068	53,585	8,517	90,293	107,170	16,877
IT Support (office and website)	<i>j.</i>	52,420	49,250	-3,170	81,122	98,500	17,378
Legal & Professional	<i>k.</i>	29,118	45,500	16,382	149,000	91,000	-58,000
Legal Choices		2,900	2,900	0	5,800	5,800	0
PR/Communications		0	1,500	1,500	3,000	3,000	0
Staff Costs	<i>l.</i>	277,680	314,200	36,520	587,858	628,400	40,542
TOTAL EXPENDITURE		<u>525,130</u>	<u>621,535</u>	<u>96,405</u>	<u>1,264,550</u>	<u>1,239,070</u>	<u>-25,480</u>
OPERATING BALANCE		<u>£748,017</u>	<u>£613,768</u>	<u>£134,249</u>	<u>£37,577</u>	<u>£8,711</u>	<u>£28,866</u>

See notes overleaf

ACTUAL v BUDGET FOR 6 MONTHS ENDED 30 JUNE 2024 AND PROJECTION v BUDGET YEAR ENDED 31 DECEMBER 2024

THESE FIGURES HAVE BEEN PREPARED FOR MANAGEMENT INFORMATION PURPOSES AND ARE UNAUDITED

Notes:

a. Projected Income

	6 ME 30-6-2024			YE 31-12-2024		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Projected</u>	<u>Budget</u>	<u>Variance</u>
	£	£	£	£	£	£
Budgeted Practice Fees - Attorneys & Entities	1,245,876	1,235,303	10,573	1,266,356	1,247,781	18,575
Other Income						
Interest Received	14,082	0	14,082	22,582	0	22,582
Late payment penalty fees	968	0	968	968	0	968
Role holder registrations	400	0	400	400	0	400
Licensed & Registered Bodies Application fees	10,678	0	10,678	10,678	0	10,678
Non UK qualification application fee	1,143	0	1,143	1,143	0	1,143
	27,271	0	27,271	35,771	0	35,771
	1,273,147	1,235,303	37,844	1,302,127	1,247,781	54,346

Budgeted Practice Fee Income for 2024 - based on a fee increase of 8% applied to the estimate of the final practice fee income for 2023 for all practising fee paying categories (no increase was applied to the not in active practice fee paying category) and also a provision for attorney admissions which was then reduced by an estimate for voluntary removals and removals in 2024.

The renewals process is undertaken in the first three months of the year and accounts for approximately 98% of the total practice fees. The 6 month budget comparison has used 99% of the total practice fees.

Other Income - no estimate has been made for 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.

b. Legal Services Board and Legal Ombudsman

	6 ME 30-6-2024			YE 31-12-2024		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Projected</u>	<u>Budget</u>	<u>Variance</u>
	£	£	£	£	£	£
LSB Levy	41,976	43,300	1,324	85,926	86,600	674
LeO/OLC Levy	2,500	2,500	0	5,000	5,000	0
	44,476	45,800	1,324	90,926	91,600	674

The LSB year end is 31 March, therefore the budget is made up of 2 levy years. The 2024 budget figure has been calculated by prorating taking the % increase of to the indicative levy for 2023/2024 (which is 10.34% higher than the 2022/2023 levy) and taking a prorated proportion of an estimated levy for 2024/2025 with a similar increase.

c. Board/Directors

	6 ME 30-6-2024			YE 31-12-2024		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Projected</u>	<u>Budget</u>	<u>Variance</u>
	£	£	£	£	£	£
Replacement of Board Members	10,003	7,000	-3,003	10,003	14,000	3,997
Remuneration	37,286	35,250	-2,036	73,746	70,500	-3,246
Travel & Subsistence	1,034	5,250	4,216	5,034	10,500	5,466
Employer's National Insurance	1,308	2,000	692	3,873	4,000	127
	49,631	49,500	-131	92,656	99,000	6,344

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

Board Fees - the 2024 budget has a projected increase of 5%, the first increase since 2020. Board fees were increased by 4% (CPI for the 12 months to December 2023) with effect from 1 January 2024.

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 in Remuneration.

ACTUAL v BUDGET FOR 6 MONTHS ENDED 30 JUNE 2024 AND PROJECTION v BUDGET YEAR ENDED 31 DECEMBER 2024

THESE FIGURES HAVE BEEN PREPARED FOR MANAGEMENT INFORMATION PURPOSES AND ARE UNAUDITED

Notes (continued):

d. Conduct & Disciplinary incl. Assurance & Litigation

	6 ME 30-6-2024			YE 31-12-2024		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Projected</u>	<u>Budget</u>	<u>Variance</u>
	£	£	£	£	£	£
External Legal costs and hearing costs	406	25,000	24,594	102,310	50,000	-52,310

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

	6 ME 30-6-2024			YE 31-12-2024		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Projected</u>	<u>Budget</u>	<u>Variance</u>
	£	£	£	£	£	£
Donations	10,800	3,500	-7,300	10,800	7,000	-3,800
Diversity research and survey	4,680	10,000	5,320	14,360	20,000	5,640
	15,480	13,500	-1,980	25,160	27,000	1,840

g. Education & Projects

The budget figure has been adjusted for costs that have now been allocated to a staff member to oversee the review of education which have now been reallocated to Staff Costs. The remainder of the budget includes £22,600 in respect of external costs to consider the regulatory policy issues regarding the development of different routes to qualification particularly for the patent attorney qualification, accreditations, review of the Accreditation Handbook and review of the Competency Frameworks.

h. Financial Expenses

The largest component of the Financial Expenses budget line relates to commission on card transactions, which is predominantly incurred during the first three months of the year (the renewal process). The six month budget comparative has been adjusted to reflect this.

i. General Administration Expenses

	6 ME 30-6-2024			YE 31-12-2024		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Projected</u>	<u>Budget</u>	<u>Variance</u>
	£	£	£	£	£	£
Licence & Services	39,600	41,085	1,485	72,444	82,170	9,726
Other Office Costs	5,468	12,500	7,032	17,849	25,000	7,151
	45,068	53,585	8,517	90,293	107,170	16,877

Licence & Services - the budget is based on the same office space with a provision for a 5% increase when the licence and services agreement expires at end of March 2024. The licence has been extended to the end of September 2024 with no increase. We are moving to a smaller office resulting in a decrease in costs from October.

j. IT Support (office and website)

	6 ME 30-6-2024			YE 31-12-2024		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Projected</u>	<u>Budget</u>	<u>Variance</u>
	£	£	£	£	£	£
Support	7,295	6,750	-545	13,565	13,500	-65
CRM - Operational	11,752	7,500	-4,252	19,184	15,000	-4,184
CRM - Enhancements	33,373	35,000	1,627	48,373	70,000	21,627
	52,420	49,250	-3,170	81,122	98,500	17,378

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

ACTUAL v BUDGET FOR 6 MONTHS ENDED 30 JUNE 2024 AND PROJECTION v BUDGET YEAR ENDED 31 DECEMBER 2024

THESE FIGURES HAVE BEEN PREPARED FOR MANAGEMENT INFORMATION PURPOSES AND ARE UNAUDITED

Notes (continued):

k. Legal & Professional

	6 ME 30-6-2024			YE 31-12-2024		
	Actual	Budget	Variance	Projected	Budget	Variance
	£	£	£	£	£	£
Legal & Professional Costs	23,027	13,000	-10,027	83,571	26,000	-57,571
Registration Issues	429	0	-429	429	0	-429
Actuarial and Legal Costs in respect of Compensation Fund	5,662	5,000	-662	10,000	10,000	0
Statistical Sampling in relation to Thematic Reviews	0	7,500	7,500	15,000	15,000	0
Costs associated with the implementation of PII Sandbox	0	5,000	5,000	10,000	10,000	0
Transparency Thematic Reviews	0	15,000	15,000	30,000	30,000	0
	<u>29,118</u>	<u>45,500</u>	<u>16,382</u>	<u>149,000</u>	<u>91,000</u>	<u>-58,000</u>

The projected Legal & Professional costs include an estimate for external costs for the Board effectiveness exercise.

l. Staff Costs

	6 ME 30-6-2024			YE 31-12-2024		
	Actual	Budget	Variance	Projected	Budget	Variance
	£	£	£	£	£	£
CEO	48,193	48,300	107	96,335	96,600	265
Regulatory Officers	148,093	177,300	29,207	317,407	354,600	37,193
Administrative Staff	43,958	42,175	-1,783	83,826	84,350	524
Employer's National Insurance	23,101	31,075	7,974	53,017	62,150	9,133
Pension Costs	6,796	7,100	304	14,517	14,200	-317
Staff Benefits	3,154	5,750	2,596	7,072	11,500	4,428
Staff development and training	900	2,500	1,600	5,000	5,000	0
Staff recruitment	3,485	0	-3,485	10,684	0	-10,684
	<u>277,680</u>	<u>314,200</u>	<u>36,520</u>	<u>587,858</u>	<u>628,400</u>	<u>40,542</u>

Staff costs - the 2024 budget has projected an increase of 5% for current IPReg staff salaries. Staff salaries increased in January 2024 by 5%.

The Budget has been adjusted for the new staff member - see note f.

September 2024

Item 4 Annex A

Consultation Responses – Analysis and comments

Introduction

1. IPReg received 18 responses to the consultation from:

Respondent	Both Registers	Patent Register	Trade Mark Register
Single attorney firm	1		1
Sole Trader	1		
Sole Trader Employing others	1		
In house	1		
Not actively practising	1	2	
Small firm (< 10 attorneys)	1		
Medium firm (10 - 40 attorneys)			
Large firm (> 40 attorneys)	2		
Small firm employee			
Medium firm employee	1		
Large firm employee		1	
IP Inclusive		n/a	
CIPA		n/a	
CITMA		n/a	
IP Federation		n/a	
Legal Services Consumer Panel		n/a	

The responses from CIPA, CITMA, IP Inclusive, the IP Federation and the Legal Services Consumer Panel are at Annex A to this paper.

Question 1: What are your views on the proposed Business Plan?

2. There was generally broad support for the work set out in the Business Plan, in particular the work on education.
3. Of the **registrant respondents** who raised specific points:
 - a. A large firm on both registers made a number of comments on the proposed business plan:
 - i. Although it is neutral to keeping the current exemptions for the Patent Examination Board's (**PEB**) FD2 and FD3 exams from the European Qualifying Exams (**EQEs**), it would appreciate a review given the recent changes proposed by the PEB and the significant changes to the EQEs. The firm's view is that differences in format, syllabus and marking may render the exemption inappropriate. The firm stressed the importance of having clarity on these matters as soon as possible and also asked

that the exemptions currently available should be retained for those candidates sitting the EQEs in 2025 and 2026;

- ii. The firm questioned the need for the PII Sandbox which it considers is likely to be of minimal benefit to the profession;
 - iii. In terms of the work to widen participation in the patent attorney profession, the firm made the following observations:
 - The importance of engaging (together with CIPA) with the epi and the EPO given the academic restrictions placed on candidates to ensure that the bar to entry as an EPA is not increased;
 - The firm is not sure that an apprenticeship scheme would be “practicable, popular or of clear benefit to clients”. It would like to see a clear proposal of the type of scheme being developed and examples from schemes in other professions;
 - In terms of diversity, the firm considers that IPReg might be more successful in increasing diversity through “active support to regulated firms in their recruitment and training processes”;
 - iv. On the proposed review of the Accreditation Handbook, the firm raised concerns about two of the current providers;
- b. Two trade mark attorneys in private practice commented that there was not much planned work specifically aimed at the trade mark profession compared to that focused on the patent attorney profession. One of them suggested that we should include more work on different course options for trade mark litigators rights such as providing distance/on demand learning and encouraging the SRA to increase SQE exemptions for trade mark attorneys;
 - c. A trade mark attorney in private practice said that they did not consider that apprenticeships differed from the current practice of employing trainees. They did not consider that an apprenticeship route would be suitable for the trade mark profession;
 - d. A patent attorney who is not actively practising suggested that IPReg should consider in more detail the impact of “external influences” such as the Unified Patent Court. The same attorney also suggested that there should be more flexibility in the diversity survey to capture elements of socio-economic diversity;
 - e. A sole trader on both registers commented that although the aim of increasing the number of good quality education providers is a good idea, care is required to ensure that this does not result in making all providers uneconomic because there is only a small number of students each year and the investment needed to set up and run a course is considerable;
 - f. See also below at paragraph 33a the comments from an attorney on both registers in private practice.

2. **CITMA** said that it generally supported the proposed plan. The response also stated:
 - a. The importance of ensuring that, where applicable, any findings, advancements or beneficial changes are recognised and potentially realised in respect of the trade mark attorney qualification route. CITMA also queried whether the proposed timetable was realistic, especially given how long rule change applications to the LSB take;
 - b. IPReg should also consider new qualification pathways for trade mark attorneys including apprenticeships;
 - c. CITMA would like to work closely with IPReg on the review of the competency framework to align with its own work;
 - d. CITMA is pleased to see continuation of a ring-fenced reserve for EDI work;
 - e. Concern about the extensive amount of work involved responding to LSB consultations and related work and that the increase in the LSB levy is increasing the cost of regulation;
 - f. Concern that there is little to no reference to AI and future technology;
 - g. A suggestion that IPReg should include work to achieve net zero in future business plans.
3. **CIPA's** response:
 - a. Recognised that IPReg plays an important role in ensuring that routes to qualification are fit for purpose. It supports the proposal to undertake work to map the changes in the EQEs to the framework for exemptions from the PEB's final diploma (FD) exams. CIPA considers that consultation by IPReg on this will be vital;
 - b. Stated that it was important for IPReg and the PEB to work together to ensure that changes that the PEB is proposing to its FD exams are delivered on time with sufficient information provided to candidates at the earliest possible stage about any changes;
 - c. Recognises that an apprenticeship route to qualification as a patent attorney has the potential to improve access to the profession and improve social mobility, particularly given the cost of STEM degrees;
 - d. Commended IPReg for its continuing commitment to EDI and our commitment to share the outcomes of our 2024 diversity survey;
 - e. Expressed concern about the impact of the significant increase in the work that the LSB expects IPReg and other legal regulators to undertake noting that this is driving up the cost of regulation. It intends to raise this with the LSB.
4. **IP Inclusive** welcomed the fact that EDI continues to play a key part in IPReg's plans, in particular through the proposed work on education, training and qualification; it welcomes the provision of funding for diversity initiatives. It considers that many of the projects are "likely to improve diversity and inclusivity" in the professions which will

“have a positive impact on the regulated community”. It urged IPReg to continue to ensure that accredited education providers “offer accessible training and assessment systems, with reasonable adjustments for those who need them and a wide and inclusive range of qualification pathways wherever feasible”. IP Inclusive recommended that EDI data gathering should be incorporated into IPReg’s annual registration procedures.

5. **The Legal Services Consumer Panel** (the Panel) agreed with our decision not to add more work strands to the business plan. It considers that this will “ensure that the cohesive package of work [IPReg] has committed to delivers good outcomes for both consumers and the profession”. It also commented that it:
 - a. Would like to see additional information about the work planned on improving consumer knowledge and engagement;
 - b. Welcomes our commitment to finding alternative routes into the profession; it fully supports work on developing an apprenticeship;
 - c. Would like to understand the rationale behind a five-year timeframe for re-accrediting education providers;
 - d. Considers that the way in which information on transparency about costs is crucial to its effectiveness. For that reason, IPReg must retain some responsibility for ensuring that this information is presented in a way that is meaningful to consumers. It also expects IPReg to publish any monitoring an evaluation that it carries out;
 - e. Suggests that IPReg liaises with other regulators who have recently changed their PII requirements “to ensure that existing fragmentation across the sector is not exacerbated”;
 - f. Welcomes our commitment to building our evidence base and supports “the creative way it is beginning to do this”.
6. **The IP Federation:**
 - a. Strongly supports the work IPReg is doing on EDI;
 - b. Commends IPReg’s work to consider alternative routes to entering the patent profession, particularly given that the cost of higher education at university can be “prohibitively expensive”. IP apprenticeship pathways are therefore important to improving access to the professions. IPReg should include key learnings from other sectors (including solicitors) that have developed apprenticeships in its work;
 - c. Welcomes the work that IPReg is doing on mapping the changes to the EQEs to its exemption framework. To the extent possible, the IP Federation considers that duplication between the UK exams and the EQEs should be avoided and the UK exams should “focus on differentiating aspects necessary to test important domestic elements along with areas of domestic procedure” such as UK national litigation and infringement principles.

IPReg response

Education

7. We welcome the broad support of respondents for our planned activities and the recognition of the importance of the work we plan to do on education and its link to improving the diversity of the professions. The budget that we have allocated to the work on education and the recent recruitment to the new post of Head of Education Review is an indication of the importance that the IPReg Board places on this topic. We know that positive stakeholder engagement is vital to the success of our work and will continue to work closely a wide variety of other stakeholders as we progress, including those who are sceptical about the benefits of what we do. This will include providing clarity about timescales involved – particularly on the work on exemptions from FD2 and FD3. Given the breadth of the work needed, we envisage this work continuing over a number of years.
8. In terms of our work with other stakeholders on apprenticeships, we agree with the IP Federation that we should learn from the experience in other sectors. This will include consideration of how the solicitor, cost lawyers and legal executive apprenticeships work. We will also consider what issues the duplication between the EQE and UK exams raises and what an appropriate regulatory response is. It is important to note that development of apprenticeships has to be employer-led and we would be happy to work with CITMA and employers if there is interest in a trade mark apprenticeship.
9. We will contact the firm that has concerns about two education providers to understand the issues raised in more detail. Although IPReg would not get involved with firms' recruitment processes, the including of activities to improve diversity would be appropriate for including in continuing competency if attorneys reflected that this would be appropriate for their own practice.
10. We have previously discussed with CITMA the issue of exemptions that the SRA grants and are happy to continue those discussions if that would be helpful. Our view is the issue of the extent to which attorneys require litigation training is likely to be an element of the wider education review. Generally, we expect that the work we are taking forward on education in the context of qualification as a patent attorney, including the review of the competency framework, will help to inform any future work on qualification as a trade mark attorney.

Transparency review

11. Our plan is to engage an external organisation to conduct the transparency review. We will publish its findings and recommendations. This will include anything that relate to consistency in the way that information is provided, bearing in mind that most users of regulated IP legal services are not individual consumers.

Other

12. LSCP's query on why we have a 5-year cycle for reaccreditation of education providers. We do have the discretion to reduce this period of time if we have concerns about the findings of an accreditation review. This is a discretion that we have exercised recently in relation to the Patent Examination Board where the recommendations of the

independent assessors were so significant that the IPReg Board decided that a further review was necessary in 2025, two years after the findings of the most recent review. Generally a five-year cycle is considered sufficient if there are no significant concerns about a provider's approach.

13. In terms of additional work on consumer engagement, we have added to the Business Plan that we will develop our work on first tier complaints (FTCs). Once we have the results of the thematic review on transparency (planned for Q1 2025) and have FTC information from firms' Annual Returns, we will consider whether we need to do additional work on FTCs. This will also be informed by our discussions with stakeholders on what type (if any) of quality indicators might be useful to users of IP legal services.
14. When we evaluate how the PII Sandbox has worked in practice,¹ we will review other regulators' requirements and take them into account in any recommendations for change that we make.
15. Our Technology and Innovation Working Group has been established to advise the Board on its approach to changes in the way technology is being used to provide legal services in the regulated IP sector. This includes:
 - a. Conducting regular horizon scanning to identify emerging technologies and innovative practices relevant to IP legal services regulation;
 - b. Evaluating the potential impact of these technologies on the IP legal services sector and regulatory processes;
 - c. Considering whether to recommend changes to IPReg's regulatory arrangements to accommodate technological advancements.
16. Given the ambitious work that we have set out, which is likely to continue for a number of years, we do not currently plan to undertake work on net zero as it does not seem to have any direct nexus with the statutory regulatory objectives.
17. We will review whether we can and should capture diversity data on the CRM on admission to the registers and as part of the Annual Return process, including the cost of changes to the CRM.

Question 2: What are your views on the proposal to abolish the fee paying category "Registered attorney practising as a sole trader and employing other registered attorneys or other professionals"?

18. Of the **registrant respondents** who raised specific points:
 - a. Someone who works for the organisation directly affected by this proposal responded in a personal capacity but did not raise any objections to it;

¹ The timing of this will depend how many participants there are.

- b. A patent attorney who is not actively practising commented that the sole practitioner category should not be abolished.
- 19. **CIPA** did not comment on this proposal.
- 20. **CITMA** stated that it had no objection to the proposal.
- 21. **The IP Federation** did not comment on this proposal.
- 22. **IP Inclusive** did not comment on this proposal.
- 23. **The LSCP** did not comment on this proposal.

IPReg response

- 24. We are not proposing to abolish the sole practitioner category – only the category “sole practitioner employing others”. IPReg has assured the organisation directly impacted by this proposal that it is happy to continue to help it navigate the regulatory requirements for any change in its structure. Our view continues to be that this category is not appropriate and we will therefore abolish it with effect from 1 January 2025.

Question 3: Do you have any evidence of the impact that each of these proposals will have on different categories of individuals or firms? In particular, do you have any evidence of the potential impact on the diversity of the profession? Do you have any comments on the EIA at Annex B?

- 25. Of the **registrant respondents** who raised specific points:
 - a. A patent attorney in private practice expressed surprise that there were no Black patent attorneys and the something should be done to address this;
 - b. A sole trader on both registers said that they did not consider that an EIA was necessary because those most affected by diversity concerns are employees who do not pay practising fees themselves;
 - c. A trade mark attorney in private practice observed that increasing participation in STEM activities requires very early intervention in schools. The same attorney commented that it is particularly difficult to establish cause and effect when evaluating diversity initiatives. IPReg would therefore not be able to claim success if diversity increased.
- 26. **CIPA** did not comment on this issue.
- 27. **CITMA** stated that it did not have any evidence on the impact of the proposals.
- 28. **The IP Federation** suggested that even if data sets from a diversity survey are limited, they should nevertheless be included in our EIA. It considers that a diversity survey every two years would be appropriate.

29. **IP Inclusive** noted that because the EIA was largely unchanged from the 2023 version, its comments on that stood. It welcomed the fact that data from the 2024 survey would be used going forward.
30. The **LSCP** did not comment on this issue.

IPReg response

31. The EIA is based on a template provided by the LSB as part of its requirements for consideration of practising fee applications. It includes all the protected characteristics but does not include other diversity measurements such as social mobility. However, the IPReg diversity data does include that information. We will continue to support IP Inclusive in its work by contributing to its operating costs. We will also continue to support organisations such as In2Science working with disadvantaged groups of young people. In 2023, we amended the EIA to take into account IP Inclusive's suggestions. We have amended the final EIA for the 2025 application to the LSB so that it now includes the findings from the 2024 diversity survey including those data sets with very small data sets (as suggested by the IP Federation). We will publish the findings of the 2024 survey and discuss with colleagues across the sector what work we need to undertake collectively to improve its diversity.
32. We recognise that the fee waiver process for hardship may not benefit all attorneys but we consider that it is a targeted and proportionate regulatory tool to help attorneys whose fees are not paid or reimbursed by their employer.

Question 4: What are your views on the proposal to increase practising fees by 3%?

33. Of the **registrant respondents** who commented that they did **not** support the increase:
- a. An attorney in private practice on both registers questioned why IPReg was conducting activities outside its core responsibilities. In particular the attorney questioned why we were carrying out work on widening participation in the patent profession (including on apprenticeships) and improving its diversity, continuing to build our evidence base and funding diversity initiatives. The attorney considers that practising fees should not be used to fund these activities which they consider fall within the remit of CIPA, CITMA and individual firms;
 - b. An in-house attorney on both registers commented that their employer would not want an increase and would not be concerned if the attorney was not regulated by IPReg but just practised as an EPA;
 - c. A patent attorney in private practice commented that the profession is already over-regulated and did not agree to any increase in fees "beyond the minimum that is legally required". They consider that using "vague terminology" such as funding diversity initiatives and building up an evidence base "provides no comprehensible information" about why an increase is needed;
 - d. A trade mark attorney in private practice considered that IPReg should only conduct business as usual activities and that would result in lower fees generally.

34. **CITMA** said that its overall position is, as in previous years, that it hoped that fees will be reduced in future years. This remains its position, but it appreciates the continued difficult economic climate and inflationary cost increases cannot simply be absorbed or ignored. It therefore considers the proposal by IPReg to increase fees by 3% to be a reasonable approach. CITMA hopes that for future years IPReg would be able to lower fees or freeze fees to reduce the cost of regulation. It would welcome further information from IPReg before the next budget and practising fee cycle on how it will reduce the cost of regulation, given the increases it has seen year on year.
35. See **CIPA's** response on the budget below.
36. **IP Inclusive** did not comment on the proposed increase but emphasised the importance of the waiver for cases of hardship.
37. The **IP Federation** did not comment on this proposal.
38. The **LSCP** did not comment on this proposal.

IPReg response

39. At its July 2024 meeting, the IPReg Board considered different scenarios for setting the 2025 fees and the draft Business Plan. The fee options were: reducing fees by 2%; holding fees level; or increasing fees by 4%. These scenarios would have resulted in a projected operating deficit of between £0.8k (2% reduction) and operating surpluses between £24.9k and £75.8k for the respective increases. Any operating deficit would have to be funded from our reserves. The IPReg Board has considered the responses to the consultation, the need to ensure that the impact of inflation on expenditure is accounted for in the budget and to ensure that reserves are sufficient to deal with unexpected changes. The IPReg Board has determined that, in its judgement, an increase of 3% would enable it to achieve its Business Plan objectives which are, in its judgement, the most appropriate way for IPReg to meet the regulatory objectives in the Legal Services Act 2007 (LSA).
40. In terms of CITMA's desire to see the cost of regulation reducing and the comments from individual attorney who opposed the increase, IPReg always considers where it can reduce its costs. An example is the move to a smaller office from 1 October 2024 with an associated reduction in licence and service fees of £15,264. It is important to note that the LSB levy comprises 7.6% of IPReg's budget (estimated to be £98,450 for 2024/25). This is an increase of 13.6% in the budget over the previous year, which was itself an increase of 9.87% over the previous year. It is therefore difficult for IPReg to commit to reducing its practising fee in future years if the LSB levy does not decrease substantially in real terms.
41. In terms of the comments about the work that IPReg conducts beyond its core business as usual activities, many of these (including our work on education and diversity) are driven by the statutory obligations in the Legal Services Act 2007. In addition, there are activities that we have to carry out to comply with the LSB's statutory statements of policy, guidance and other documents.

Question 5: What are your views on the proposed 2025 budget?

42. None of the **registrant respondents** commented specifically on the proposed budget.
43. **CITMA** had no substantive comments.
44. **CIPA** re-stated its concerns from previous years that IPReg does not adequately factor the annual growth of the regulated community into its budget planning. It considers that without a detailed analysis of that growth it is difficult for CIPA “to comment positively on IPReg’s proposed 3% increase in practice fees”.
45. **IP Inclusive** welcomed the proposed increase in budget for diversity initiatives and the continuation of a specific diversity reserve. It also expressed its appreciation for IPReg’s continued provision of funding to support IP Inclusive’s running costs.
46. The **LSCP** did not comment specifically on this issue.
47. The **IP Federation** did not comment specifically on this issue.

IPReg response

48. In response to CIPA’s query about the way we factor into our budget calculations the expected net increase in attorney numbers, the budget methodology that we followed in this consultation is consistent with that applied in previous years. We estimate the number of attorney admissions based on data from previous years and we estimate the number of attorneys who will come off the register (mainly voluntary removals and suspension (followed by removal) for non-payment), again based on data from previous years. We do not estimate practice fees from registered and licensed bodies as it is not easy to quantify how many and what size of firm may apply and if any firms will leave the Register. Entity fees are a fixed fee for single attorney firms and are based on a matrix for other firms. The matrix comprises the base fee, the fee per registered attorney and the fee per other professional. These are not possible to quantify in advance of an application being received.
49. The admissions are reflected in the budget updates that we publish on our website. The 2024 budget estimated that there would be 170 admissions and 50 removals. In total 49 attorneys have been taken off the registers this year. As of 29 August 2024, we have admitted 159 attorneys and have a further 3 applications which are being processed. We anticipate that more trade mark applications are likely in October and we have included a small estimate for these in our calculations.
50. For the 2025 budget consultation, we used the average over the last three years for attorney admissions and removals for our projections: 186 admissions and 77 removals. Taking the net figure (attorney admissions less attorney removals) in the budget calculations, we then calculate the following year’s practice fees at the current fee levels and then apply the proposed percentage increase. The projected practice fee income for 2025 if fees remained the same would be £1.29m. This was uplifted by the proposed percentage increase and adjusted to account for not increasing the “not in active practice” fees.

51. If net admissions are higher than our best estimate based on the evidence that we have, then our income will increase from the projection used in the consultation. However, if net admissions are lower than our best estimate, we will have a shortfall and may have to use our reserves to cover it. In either case, the percentage increase in fees will have been the same.

Question 6: Do you have any comments on the draft Practising Fee Regulations?

52. There were no comments on the drafting.

IPReg response

53. No changes have been made to the Practising Fee Regulations other than to remove the “sole trader employing others” category, as proposed in the consultation.



Fran Gillon
Chief Executive
Intellectual Property Regulation Board
20 Little Britain
London
EC1A 7DH

27 August 2024

By email

Dear Fran,

Budget and Business Plan 2025/26

Thank you for the opportunity to respond to the consultation on IPReg’s budget and business plan for 2025/26. The Chartered Institute of Patent Attorneys (CIPA) is responding in its capacity as the Approved Regulator for patent attorneys, as defined in the Legal Services Act 2007, and as the representative professional body for Chartered Patent Attorneys.

Business Plan

CIPA recognises that IPReg has an important role to play in ensuring that the route to qualification for patent attorneys in the UK is fit for purpose. We support IPReg’s proposal to evaluate the changes to the European Qualifying Examination (EQE) in order to establish how the regulatory framework needs to evolve, particularly in relation to the current arrangements for exemptions and ensuring appropriate credit is given where there is overlap. We are pleased to see that IPReg is working with Julia Gwilt, Chair of the European Patent Institute’s (epi) Professional Education Committee, to map the new EQEs onto the competency framework. Given the interplay between the EQE and the UK examinations, we believe that consultation with the profession will be vital should there be any proposed changes to the current exemption arrangements.

In relation to the accreditation of patent attorney examination providers, CIPA is currently engaged in a consultation with the Patent Examination Board (PEB) on proposed amendments to the Final Diploma (FD) examinations. We are pleased with the positive way the PEB has engaged with the profession on the proposed changes, which we understand are part of the ongoing work for reaccreditation. It is important that IPReg and the PEB work together to ensure that the UK patent attorney qualifying examinations are delivered on time and that candidates receive information at the earliest possible stage to enable them to make informed decisions. We will be monitoring the PEB FD examinations consultation and the response by IPReg.

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CIPA notes IPReg’s enthusiasm for working with stakeholders and potential providers to encourage new qualification pathway options, including apprenticeships. Under the stewardship of CIPA Vice-President Bobby Mukherjee, we are exploring apprenticeship pathways for IP paralegals, qualifying through CIPA’s Introductory Patent Paralegal Course (IPPC), and for UK patent attorneys. The latter has the potential to create an alternative pathway to the conventional university route for young people who would otherwise be denied that opportunity. Given the cost of STEM degrees, those from challenging economic backgrounds will be presented with a route into the patent attorney profession, improving access to the profession and advancing social mobility.

CIPA welcomes IPReg’s intention to review the effectiveness of the new regulatory arrangements, which came into force on 1 July 2023. We look forward to the publication of an updated impact assessment and the opportunity to comment on how the new regulatory arrangements are operating. The new requirements for demonstrating continuing competence, through a reflective practitioner approach to professional learning, have been a significant change in the regulatory landscape. We await IPReg’s report on the learning that will come out of the thematic review of the new arrangements, in particular how attorneys can make the best use of technology to reflect on their professional practice, plan learning activities and record their progress against their learning aims.

CIPA commends IPReg for its ongoing commitment to equality, diversity and inclusion (EDI). We are pleased to see the maintenance of a ring-fenced reserve to fund diversity initiatives. We support IPReg’s intention to develop a deeper understanding of the composition of the patent attorney profession in the UK, with a view to widening participation and developing career opportunities. In sharing its research and experiences, in particular the outcomes of the 2024 diversity survey, IPReg will enable IP organisations to work together to improve data gathering and analysis. This should reflect IP Inclusive’s toolkit to support IP organisations in their EDI data gathering and align approaches and benchmarking across the sector.

CIPA is concerned to see that the Legal Services Board (LSB) has significantly increased the volume of work expected of IPReg and other legal regulators, and this has resulted in IPReg needing more resources to meet the LSB’s demands. We note that IPReg has used historical data on the levy charged by the LSB, which saw a 9.87% increase in 2023-24. IPReg will have used its best intelligence to determine the increase in the levy for 2024-25. We are concerned that the LSB continues to drive up the cost of regulation through above inflation increases in the annual levy and we will challenge the LSB on this.

CIPA notes that the current IPReg Chair, Lord Smith of Finsbury, will complete his second term of office and step down from the Board in September 2025. We have very much enjoyed working with Lord Smith during his time in office and we have seen IPReg mature into a regulator we can take pride in under his leadership. We wish IPReg good luck in finding a successor who can match Lord Smith’s enthusiasm, knowledge, experience and competence.

Budget

In CIPA's response to the 2024-25 budget consultation, we expressed concerns that IPReg did not factor the annual growth of the regulated community into its planning. We are disappointed to see that this has not been addressed. In the 2024-25 consultation, IPReg budgeted for £1.25m of income. In 2025-26, IPReg is budgeting for £1.33m of income. An increase of 6.4%. The business plan and budget do not provide a rationale for this level of increase. This is a result of IPReg not modelling the annual growth of the regulated community. For a 3% increase in practice fees to generate £1.33m income, the estimate of the final practice fee income for 2024-25 will be £1.29m, an annual growth in the regulated community of 3.2%.

If a similar growth in the regulated community happens in 2025-26, IPReg will generate income in the region of £1.37m, an increase of 9.6% on the 2024-25 budget and approximately 6.2% on the estimate of the final practice fee income for 2024-25. Without this detailed analysis of the growth of the membership community, it is difficult for CIPA to comment positively on IPReg's proposed 3% increase in practice fees. We appreciate that IPReg will not have data on student numbers and the expected growth in the regulated community through students becoming fully qualified. CIPA does have this data, and we would be prepared to share this information if this would be useful.

CIPA has no comment to make on the on the draft Practising Fee Regulations at Annex F of the consultation.

Yours sincerely



Lee Davies
Chief Executive

IPReg: 2025/26 Business Plan, 2025 Budget and Practising Fees consultation

1. The Chartered Institute of Trade Mark Attorneys (CITMA) is responding to the consultation by IPReg on their 2025/26 Business Plan, Budget and Practising Fees in its capacity as an Approved Regulator, as defined in the Legal Services Act 2007 (the Act) and as the representative body for Chartered Trade Mark Attorneys and the wider trade mark and design profession. We are grateful to IPReg for the opportunity to comment.
2. Our response answers the specific questions asked in the consultation.

Question 1. What are your views on the proposed business plan?

3. Many of the activities within the 2025/26 business plan are a continuation of the activities set out in the 2024/25 business plan and therefore we generally support the proposed plan.

Driving forward the work on education

4. We understand there is a need to continue to focus on aspects related to the route to qualification for Patent Attorneys (PA). As highlighted in our response to the 2024/25 business plan consultation, we encourage IPReg, throughout this piece of work, to give thought to the qualification route for Registered Trade Mark Attorneys (RTMA) to ensure that any findings, advancements or beneficial changes are recognised and potentially realised in respect of the RTMA qualification route (where applicable). It is important to ensure that there are no unintended consequences of changes to the PA qualification system on the RTMA qualification route or to RTMAs. Our only comment on the specifics in this area is whether the proposed timetable is realistic, especially given how long rule change applications can take.
5. We support the work on important issues concerning accredited attorney qualification providers which will help to ensure the standards of those qualifying remains high and the experience students have is a positive one.
6. We would encourage IPReg to also consider new qualification pathways for RTMAs, including apprenticeships. The business plan focusses on the patent attorney profession, but there may well be opportunities and a desire for apprenticeship schemes within the trade mark profession, therefore it should not be ruled out.
7. We support the proposal to review the competency framework for RTMAs and we had hoped work on this would have already commenced. We would welcome engagement from IPReg with CITMA and the profession in this piece of work. We would be happy to be involved to help IPReg with the resource and expertise needed. We have paused our own work to review the [Advanced Competency Framework for Chartered Trade Mark Attorneys](#) to ensure we align any review with the work IPReg undertakes in this area, therefore it would make sense to work closely with IPReg to ensure appropriate alignment.

Thematic reviews

8. We support the proposed thematic reviews to ensure the new regulatory arrangements are effective and achieving the intended aims. We look forward to seeing the updated impact assessment and learning outcomes from the review. We welcome the opportunity to comment on the findings and sharing views on what is working well and where adjustments may need to be made.

Diversity

9. We are pleased to see, once again, a ring-fence of reserves for diversity initiatives. It is important for IPReg to support and align with the broader work of the IP profession in this area.
10. We welcome the diversity survey carried out in 2024 and we look forward to seeing the results of the survey and to discuss any actions to be taken, particularly any findings which are relevant for the trade mark profession.

Responding to LSB consultations and related work

11. We note the extensive amount of work expected to take place in responding to LSB consultations and related work. We note from the Section 51 PCF application¹ last year that IPReg estimate 25% of its FTE policy resource is used on LSB activities. This appears to be a high percentage. This resource required to handle this growing volume of work, coupled with the increase in LSB levy is resulting in the cost of regulation rising.

Impact of Covid-19: IPReg's office and Board meetings

12. The proposal to move to a smaller office and reduce the licence fees seems a sensible move.
13. We note that Lord Smith of Finsbury will complete his second term as Chair of the Board in September 2025 and will step down. We would like to take the opportunity to put on record our gratitude to Lord Smith in the way that he has led the Board and helped IPReg to progress. His willingness to have open conversations and listen to the views of stakeholders has been appreciated and resulted in a positive and productive relationship between IPReg and CITMA.

Additional comments

14. In our response to the 2024/25 business plan consultation we identified two areas of work absent from the business plan.
15. Artificial Intelligence (AI) and future technology. In response to the consultation IPReg agreed with our suggestion and allocated £10,000 from reserves to support work initially. We are aware that IPReg has recently set up a working group to look further into AI, but we are surprised there is little to no reference of the work planned in this area within the 2025/26 business plan.
16. Net zero. In response to the consultation IPReg clarified that given the ambitious work set out in the 2024 plan there was no plan to undertake work in this area, but it would be kept under review. We are still keen to see IPReg progress action to achieve net zero.
17. In the absence of featuring in the 2025/26 business plan we urge IPReg to make a commitment for work to commence in 2026 and details set out in the 2026/27 business plan.

¹ [Section 51 PCF application - 2024](#)

Question 2. What are your views on the proposal to abolish the fee paying category “Registered attorney practising as a sole trader and employing other regulated attorneys or other professionals”?

18. We have no objection to the proposal based on the rationale provided in the consultation.

Question 3. Do you have any evidence of the impact that each of these proposals will have on different categories of individuals or firms? In particular, do you have any evidence of the potential impact on the diversity of the profession? Do you have any comments on the Equality Impact Assessment at Annex B?

19. We do not have any evidence of the impact that each of the proposals will have on different categories of individuals or firms or any comments on the Equality Impact Assessment.

Question 4. What are your views on the proposal to increase practising fees by 3%?

20. In previous responses to practising fee consultations we made it clear that we hoped for a reduction in practising fees, all things being equal, in future years. This was something the LSB supported through an expectation that the cost of regulation would reduce over time. This remains our overall position, but we appreciate the continued difficult economic climate and inflationary cost increases cannot simply be absorbed or ignored. We therefore consider the proposal by IPReg to increase fees by 3% to be a reasonable approach.
21. We would hope that for future years IPReg would be able to lower fees or freeze fees to reduce the cost of regulation. We would welcome further information from IPReg before the next budget and practising fee cycle on how it will reduce the cost of regulation, given the increases we have seen year on year.

Question 6. What are your views on the proposed 2025 budget at Annex C?

22. We have no substantive comments to make on the proposed budget.

Question 6. Do you have any comments on the draft Practising Fee Regulations at Annex F?

23. We have no comments on the draft regulations.
24. We would be happy to discuss any of these points further with representatives from IPReg if it would be of assistance.

For and on behalf of the Chartered Institute of Trade Mark Attorneys



Keven Bader
Chief Executive

28th August 2024

IPReg’s 2025/26 business plan and 2025 budget: IP Inclusive consultation response



1 Introduction

These submissions are made by the IP Inclusive initiative, in response to IPReg’s July 2024 consultation on its 2025/26 business plan, budget and practising fee proposals.

They are made on behalf of the UK-based IP professionals – including many registered patent and trade mark attorneys – who support IP Inclusive in its efforts to improve equality, diversity, inclusion and wellbeing across the UK’s IP sector.

2 The draft 2025/26 business plan

2.1 General comments

We are pleased to see that equality, diversity and inclusion (EDI) continue to play a key part in IPReg’s proposed 2025/26 plans, in particular through its education-, training- and qualification-related activities. We note that IPReg intends to continue with projects begun under its 2024/25 business plan, many of which are likely to improve diversity and inclusivity in, and access to, the patent and trade mark professions and thus to have a positive impact on the regulated community. We applaud this work, for the reasons set out in our response to IPReg’s 2023 business plan and budget consultation¹.

We particularly applaud the work being done (a) to ensure that routes to entry onto the patent and trade mark registers are varied as well as fit for purpose; (b) to encourage an increase in good quality providers of qualification pathways and examinations, in particular as a tool to increase diversity in the sector; and (c) to gather data about the diversity of the professions to inform IPReg’s decision making: see our comments at 2.2 below.

We note IPReg’s planned work concerning accredited attorney qualification providers. This we believe can also improve diversity in the pipeline of new recruits to the patent and trade mark professions. We urge IPReg to continue to ensure that accredited providers offer accessible training and assessment systems, with reasonable adjustments for those who need them, and a wide and inclusive range of qualification pathways wherever feasible.

¹ See <https://ipinclusive.org.uk/wp-content/uploads/2023/08/230818-ipreg-2024-budget-consultation-ip-inclusive-response.pdf>



As a more general point, we are pleased that “funding diversity initiatives” remains one of IPReg’s anticipated main areas of work. Increasing diversity is, we believe, beneficial for both the patent and trade mark professions and their clients, as well as one of the regulatory objectives under the Legal Services Act 2007. We remain ready to work with IPReg on its EDI-related projects, alongside our own ongoing efforts to improve diversity in the IP professions.

2.2 Diversity data gathering

IPReg states that it will continue to work with, and contribute to, cross-sector work on EDI, and in particular mentions working towards a collective approach to gathering data. IP Inclusive has been collaborating with CIPA, CITMA, The IP Federation and IPReg to develop an EDI data gathering toolkit that will support patent and trade mark professionals in their data gathering efforts and align approaches and benchmarking across the sector. We appreciate IPReg’s support for, and contributions to, this project, which we hope will continue. Ultimately we believe the toolkit will help us all to design, implement and evaluate EDI-related interventions, including at the points of entry to the patent and trade mark professions.

“Continuing to build our evidence base about the IP sector” also remains one of the anticipated main areas of work in IPReg’s proposed 2025/26 business plan. In this regard, we were delighted that IPReg ran a fresh diversity survey earlier in 2024. For the reasons given in our 2023 consultation response¹, we believe it was important for this work to be conducted as early as possible. We understand that response rates were better than in 2021 and we look forward to seeing the results.

We note that IPReg does not intend to repeat the survey in 2025 and appreciate that there are practical constraints to be considered in this context. However, in the longer term, we continue to recommend that an EDI data gathering process be incorporated into IPReg’s annual registration procedures. We remain of the view that for the patent and trade mark professions, it is the regulator that is best placed to gather this data and to provide accurate diversity benchmarks for its registrants, their businesses, their clients and other legal sector regulators. It therefore has a responsibility to do so. Moreover it is important that IPReg itself has up-to-date evidence, in order to evaluate the impact of its EDI-related regulatory arrangements and target future EDI initiatives more effectively. See the comments at 3.4 in our 2023 consultation response¹.

3 The proposed 2025 budget

We are pleased to see the inclusion, in the proposed 2025 budget, of an increased allowance of £12,500 for supporting diversity initiatives in the regulated community, underpinned by the continuing £20,000 diversity initiatives reserve.

We have very much appreciated and thank IPReg for using some of its previous diversity budgets to support IP Inclusive. This has allowed us to continue our work to promote equality, diversity, inclusion and wellbeing in the UK’s IP sector – a sector which embraces not only IPReg’s regulated community but also the other IP professionals who work alongside them for the benefit of their clients. We hope that this funding can continue during 2025.

Similarly we thank IPReg for its support in promoting and participating in IP Inclusive’s work, in sharing relevant information and experiences, and in collaborating on projects where appropriate.

As ever, IP Inclusive – in particular through its communities² and Careers in Ideas outreach campaign³ and their respective contacts – would welcome the opportunity to work with IPReg to ensure that the 2025 diversity budget is appropriately spent on projects that will have a positive impact on EDI in the patent and trade mark professions.

4 The proposed 2025 practising fees

We have no comments on IPReg’s proposed increase to the practising fees in 2025, other than to stress the importance of the discretionary waiver (sections 4 to 7 of the draft Practice Fee Regulations). We welcome the fact that IPReg intends to maintain the waiver and its availability in any case of hardship. This represents a proportionate way of ensuring the fee increase does not compromise inclusivity in the regulated professions. We believe it will help the professions to embrace and nurture a wider range of people, in turn contributing to the sector’s independence, strength, diversity and effectiveness.

5 The equality impact assessment (EIA)

We note that this year’s EIA is based on diversity data gathered in 2021, and are pleased that next year’s will be informed by more up-to-date evidence from the 2024 survey: see 2.2 above.

As the 2024 EIA is largely unchanged compared to the 2023 version, our comments in response to the 2023 EIA (see section 6 of our 2023 submissions¹) largely still stand.

In particular, we are pleased that the discretionary fee waiver will continue to help reduce detrimental effects on groups for which IPReg has little statistically significant data.

6 About IP Inclusive

IP Inclusive is an association of individuals and organisations who share a commitment to improving equality, diversity, inclusion and wellbeing throughout the UK’s IP professions. Its founding organisations were the Chartered Institute of Patent Attorneys (CIPA), the Chartered Institute of Trade Mark Attorneys (CITMA), the IP Federation and The UK Association of the International Federation of Intellectual Property Attorneys (FICPI-UK), with active support and involvement from the UK Intellectual Property Office. The founding organisations do not have any ownership or control of IP Inclusive.

² See <https://ipinclusive.org.uk/community/>

³ See <https://ipinclusive.org.uk/careers-in-ideas/>



Our supporters span the IP-related professions and include patent and trade mark attorneys and paralegals, their business support colleagues, IP solicitors and barristers, and other professionals who work in or with intellectual property. Many CIPA and CITMA members are actively involved in the initiative, as are their organisations, which support us as Charter signatories and/or donors.

Our work, which is overseen by the governing body IP Inclusive Management⁴, includes:

- A voluntary best practice Equality, Diversity and Inclusion Charter⁵, which currently has 157 signatories from across the IP professions, and an associated “Senior Leaders’ Pledge”⁶.
- The “Careers in Ideas”³ campaign, which raises awareness of IP-related careers in order to diversify the pool from which the professions recruit.
- Networking and support “communities”² for under-represented groups and their allies, which currently include our Women in IP community; IP & ME for professionals from minority ethnic backgrounds; IP Ability for disabled (including neurodivergent) professionals and carers; IPause for professionals affected by the (peri)menopause; IP Futures for early-career professionals; and IP Out for LGBTQ+ professionals.
- EDI- and wellbeing-related resources⁷, training, news⁸ and information, which we disseminate through our website, events⁹ and regular updates to our supporters.

Our Lead Executive Officer Andrea Brewster is a Chartered Patent Attorney, a former CIPA Council member and President, and now an honorary member of CIPA. In the past she has served on the Institute’s Education and Business Practice Committees. She is regulated by IPReg but not currently in active practice.

For more information about IP Inclusive, please visit our website at <https://ipinclusive.org.uk/>, or email contact@ipinclusive.org.uk.

23 August 2024

⁴ See <https://ipinclusive.org.uk/ip-inclusive-management/>

⁵ See <https://ipinclusive.org.uk/about/our-charter/>

⁶ See <https://ipinclusive.org.uk/the-ip-inclusive-senior-leaders-pledge/>

⁷ See <https://ipinclusive.org.uk/resources/>

⁸ See <https://ipinclusive.org.uk/newsandfeatures/>

⁹ See <https://ipinclusive.org.uk/events/>



Sent by email only to info@ipreg.org.uk

27 August 2024

The Intellectual Property Regulation Board Consultation on its 2025/26 Business Plan

The Legal Services Consumer Panel (the Panel) welcomes the opportunity to respond to IPReg’s Business Plan for 2025-26.

We agree with IPReg’s decision not to add more work strands to this year’s plan, but instead, focus on the delivery and implementation of its previous Business Plan to ensure that the cohesive package of work it has committed to, delivers good outcomes for both consumers and the profession.

Given that we have commented on and engaged with IPReg’s previous plans, our response is short and focuses on suggestions for further improvement.

Improving consumer knowledge and engagement

The Panel welcomes IPReg’s narrative under this heading, but would have liked to see additional information about the activities or work strands that will be undertaken to give effect to the objectives described.

Driving forward work on education

The Panel welcomes this work strand and is impressed with the appointment of a Head of Education Review Project Manager to help IPReg progress this agenda.

We welcome IPReg’s commitment to alternative routes into the profession and fully support the exploration of an apprenticeship programme.

We note the plans for re-assessing ongoing competence and support the plans. However, IPReg plans to re-accredit its regulated community every five years, without explaining how it arrived at this timeframe. The Panel would like to understand the rationale behind the timeframe.

Transparency

The Panel supports the move towards increased transparency as set out in the Business Plan. We agree that the new requirements will enhance consumer confidence and help consumers make informed decisions. However, it is important to emphasise that how

the information is presented is crucial to its effectiveness. Also, the information needs to be comparable, for it to be meaningful to consumers, and to give effect to both the letter and spirit of the Competition and Markets Authority’s recommendations. Therefore, IPReg must retain some responsibility for ensuring that its regulated community presents information in a way that is truly meaningful for consumers. We also expect that IPReg will publish any monitoring and evaluation it does in this area.

Innovation Sandbox for Professional Indemnity Insurance

The Panel supports IPReg’s plans for an innovation sandbox to help it consider how to respond and support its regulated community on Professional Indemnity Insurance (PII). We urge IPReg to liaise with other Approved Regulators who have recently reviewed their PII arrangements, to ensure that existing fragmentation across the sector is not exacerbated.

Finally, we welcome IPReg’s commitment to building its evidence base and support the creative way it is beginning to do this.

Yours sincerely,



Tom Hayhoe
Chair
Legal Services Consumer Panel

IP Federation response to the IPReg consultation on the 2025/2026 business plan (the “Consultation”)

Introduction

The IP Federation¹ welcomes the opportunity to respond to the [Consultation](#). It limits its comments to those concerning (1) the DEI initiatives raised in the Consultation; and (2) the assessment of the structural changes to the European qualifying examination (“EQE”).

Particularly, in relation to (1) the IP Federation strongly agrees with the work which IPReg commits to concerning (1) widening participation in the patent attorney profession and improving its diversity, and (2) IPReg’s feasibility assessment of developing an apprenticeship route to becoming a patent attorney.

In relation to (2) the IP Federation welcomes IPReg’s commitment to continue to liaise with the epi on this important topic. The IP Federation considers that the UK and European qualifications should be able to efficiently sit side by side with the UK examinations focusing on differentiating national principles and procedures.

IP Federation comments

Improving diversity in the patent profession

The IP Federation supports this goal. In the long term, the IP Federation considers that this goal will be achieved by attracting diverse candidates in education. The IP Federation therefore considers that coordination with organisations which are promoting diversity (including social mobility) in STEM education is vitally important to this work.

The IP Federation considers that such coordination must be targeted - for example, the same solutions and support may not be applicable to improving both racial diversity and diversity of sexual orientation. *Patent attorney apprenticeship*

The IP Federation supports the consideration of alternatives to entering the patent attorney profession, and commends IPReg in tackling this important issue. Despite the (understandable) significant level of technical expertise required to enter the profession the IP Federation does not consider that the sole route to obtain the necessary background level of technical competence must necessarily be through higher education at university.

Particularly, the cost of higher education at university can be prohibitively expensive, which may ultimately deter candidates with STEM interests and capabilities from entering the patent profession. The creation and development of new struc-

¹ The IP Federation aims to improve the IP framework to meet the needs of innovative industry by representing, nationally and internationally, the views of UK-based businesses. Its membership of influential IP-intensive companies has wide experience of how IP works in practice to support the growth of technology-driven industry and generate economic benefit. As a cross-sectoral industry organisation covering all technologies, the IP Federation is able to offer a viewpoint which is authoritative and balanced. Details of the IP Federation membership are given at the end of this paper.

tured IP apprenticeship pathways is therefore important to improve access to (and knowledge of) the patent profession (and inevitably the IP profession more broadly).

The work proposed by IPReg is in line with developments in the solicitor’s profession, where a number of private practice firms have developed and embraced apprenticeship routes to allowing entry into the profession, with success. In addition, STEM degree apprenticeships are well-established in industry. To the extent possible it is recommended that key learnings from the development of these alternative routes are sought from the firms/companies which are involved in such schemes. Some IP Federation member companies may be able to contribute in this regard.

The IP Federation agrees that such proposals should be considered with a view as to how diversity in the IP profession can be improved, where applicable, and sustained. To the extent possible this may necessitate obtaining input from organisations who are actively promoting diversity in the IP profession or in STEM education (as above). For example, the IP Federation considers that diverse candidates should, at the relevant time, be able to easily access information concerning alternative routes in order to be able to make an informed decision as to their career choices.

Comment on Annex B - draft equality impact assessment

In the absence of the 2024 diversity data, the IP Federation considers it to be a suitable alternative to rely on the 2021 collected data. The IP Federation notes however that certain characteristics are recorded as follows in the draft equality impact assessment: *“Data for this characteristic is very limited and so we are unable to draw any conclusions from it.”* The IP Federation considers that, in the interests of transparency, even limited data sets should be included, where available (even if it is considered that conclusions cannot be drawn).

The IP Federation considers it to be important to continue to collect and analyse data on diversity in the IP profession to ensure that goals and objectives (and progress towards them) can be continually monitored. The IP Federation considers that diversity data collection, and analysis, every two years would be appropriate and reasonable.

Changes to the patent attorney EQE

The IP Federation welcomes IPReg’s confirmation that it will continue to co-operate with the epi to analyse the extent to which overlapping examined topics can count toward both UK and European qualifications. The IP Federation considers however that to the extent possible duplication as between the two qualifications should be avoided, and that the UK examinations should focus on differentiating aspects necessary to test important domestic elements along with areas of domestic procedure (including, for example, UK national litigation / infringement principles).

Conclusion

The IP Federation supports the DEI objectives set out in the Consultation and some of its members may be able to assist in achieving such objectives.

The IP Federation hopes it will be given an opportunity to be consulted on any proposed regulatory arrangements concerning UK qualifications, in light of the broader changes to the European system, before a rule change application to the Legal Services Board is made.

IP Federation
27 August 2024

IP Federation members 2024

The IP Federation membership comprises the companies listed below. The UK Confederation of British Industry (CBI), although not a member, is represented on the IP Federation Council, and the Council is supported by a number of leading law firms which attend its meetings as observers. The IP Federation is listed on the joint Transparency Register of the European Parliament and the Commission with identity No. 83549331760-12.

AGCO Ltd
Airbus
Arm Ltd
AstraZeneca plc
BAE Systems plc
BP p.l.c.
British Telecommunications plc
British-American Tobacco Co Ltd
Canon Europe Ltd.
Caterpillar U.K. Ltd
Cummins Ltd.
Cytiva
Dyson Technology Ltd
Eisai Europe Limited
Eli Lilly & Co Ltd
Ericsson Limited
HP Inc UK Limited
IBM UK Ltd
Johnson Matthey PLC
Merck Sharp & Dohme (UK) Ltd
Microsoft Limited
Mitsubishi Heavy Industries, Ltd.
NEC Europe
Nokia UK Limited
Nu Quantum Ltd
Ocado Group plc
Oxford Nanopore Technologies plc
Pfizer Ltd
Philips Electronics UK Ltd
Pilkington Group Ltd
Procter & Gamble Ltd
Reckitt
Regeneron UK Ltd
Renishaw plc
Rolls-Royce plc
Shell International Ltd
Siemens plc
Smith & Nephew
Syngenta Ltd
UCB Pharma plc
Unilever plc
Vectura Group plc
Vodafone Group

FINAL equality impact assessment

Results from the IPReg 2024 diversity survey are on our website [here](#).

[Changes from the EIA included in the consultation are shown tracked and include results from the 2024 diversity survey.](#)

The LSB's diversity dashboard which compares data from all the regulators is on its website [here](#).

Protected Characteristic Group	Is there a potential for positive or negative impact	Please explain and give examples of any evidence/consultation/data used	Action to address negative impact (e.g. adjustment to the policy)
Disability	Unknown	Our diversity survey indicates that there are very few attorneys who consider that they have a disability. In the survey, <u>4.437%</u> of attorneys considered that they had a disability and 2% 26% were not sure.	<p>The level of reporting of disability was below the benchmark that the LSB has identified (15.18%) so there may be under-reporting (in common with other sectors of the legal services market).</p> <p>We recognise that the number (or proportion) of disabled people is not relevant to the question of whether, and to what extent, those people could be disadvantaged. The fee waiver provisions may help to alleviate hardship.</p>
Gender reassignment	Unknown	<p>Data for this characteristic is very limited and so we are unable to draw any conclusions from it.</p> <p>We do not have direct data on gender reassignment, so we are unable to draw any conclusions from the data we collected in this respect.</p> <p>However, our diversity survey indicates that:</p>	N/A

Protected Characteristic Group	Is there a potential for positive or negative impact	Please explain and give examples of any evidence/consultation/data used	Action to address negative impact (e.g. adjustment to the policy)
		<p>54% identify as male, 43% identify as female, 1% identify as non-binary or gender fluid, less than 0% identify as intersex, 2% prefer not to say, and less than 0% prefers not to describe their gender.</p>	
Marriage or civil partnership	Unknown	IPReg has taken a targeted and proportionate approach to its initial diversity data gathering and does not yet collect data on this characteristic.	N/A
Pregnancy and maternity	No	Anyone on maternity leave can apply to IPReg to be put in the “not in active practice” category with an associated reduction on practising fees (although the fees are not reimbursed if the change occurs mid-year)	This policy will remain in place. We also accept applications for moving to the “not in active practice” category from attorneys who are on adoption or parental leave.
Race	No	<p>Supplementary aAnalysis of our diversity survey shows that there are proportionately more (8%)the same proportion of Asian attorneys compared to</p>	N/A

Protected Characteristic Group	Is there a potential for positive or negative impact	Please explain and give examples of any evidence/consultation/data used	Action to address negative impact (e.g. adjustment to the policy)
		<p>the LSB benchmark (56%). Black attorneys appear to be under-represented (1%) compared to the LSB benchmark (3%). However, for Black registrants, there is significant divergence between the patent (0%) and trade mark (54%) professions. <u>This is also the case for Asian/Asian British attorneys: patent 5% and trade mark 10%.</u></p>	
Religion or belief	No	<p>Our diversity survey showed <u>shows</u> that 42<u>44</u>6% of attorneys said that they did not have a religion; this is higher than the LSB benchmark (38<u>33</u>6%). In addition, 14<u>15</u>% said that they are an atheist (no LSB benchmark data available). Attorneys who are Christians make up a smaller percentage (34<u>29</u>%) than the benchmark (52<u>41</u>%). Other religions are under-represented compared to</p>	N/A

Protected Characteristic Group	Is there a potential for positive or negative impact	Please explain and give examples of any evidence/consultation/data used	Action to address negative impact (e.g. adjustment to the policy)
		<p>the LSBAttorneys who said that their religion was Islam (1%) make up a smaller percentage than the benchmarksbenchmark (6%).</p>	
Sexual orientation	Unknown	<p>Data for this characteristic is very limited and so we are unable to draw any conclusions from it.</p> <p><u>However, our diversity survey indicates that less than 1% identify as Asexual, 3% identify as Bisexual, 3% identify as Homosexual, 85% identify as Heterosexual, 1% identify as Pansexual, 7% prefer not to say, 1% prefer not to describe their sexuality.</u></p>	N/A
Sex (gender)	No	<p>There is a significant difference between the number of women trade mark attorneys (68%) compared to patent attorneys (3837%); LSB benchmark: 47%. The professions' <u>very</u> senior ranks reflect a higher</p>	<p>Middle and junior level attorneys show proportionately higher numbers of women than men. No targeted action is required but it is important to note that all attorneys can apply to IPReg to be moved to the "not in active practice" category.</p>

Protected Characteristic Group	Is there a potential for positive or negative impact	Please explain and give examples of any evidence/consultation/data used	Action to address negative impact (e.g. adjustment to the policy)
		(5954%/4043%) male/female ratio than the average for the professions as a whole (48%/42%) .less senior roles: junior middle (18%/25%) male/female ratio and senior roles (28%/31%) male/female ratio	
Age	No	The age profile of attorneys who are aged 55-64 and 65+ and are on both registers is slightly higher (3440% and 2223%) than those who are only on one register (patent attorneys: 1014% and 2%; trade mark attorneys: 1215% and 41%). However the sample size for <u>those on both registers</u> is small (~8.5%)(82 respondents)	The number of attorneys on both registers is low: 7.85.7% ¹ and mainly represents an historic grandfathering policy. Numbers are decreasing over time as it is no longer common practice to be dual-qualified.

¹ 206 attorneys as at 1 April 2024 out of a total of 3596 attorneys.

Question	Explanation / justification	
Is it possible that the proposed level of PCF could discriminate or unfairly disadvantage members of the regulated community?	<p>Prior to consultation, we have had not identified any evidence that the level of the fee or the proposal to increase it could discriminate against or unfairly disadvantage attorneys with protected characteristics.</p> <p>As part of the consultation on the level of 2025 practising fees we are asking respondents if they have any comments on this equality impact assessment.</p>	
Final Decision	Tick the relevant box	Include any explanation / justification required
No barriers identified	<u>No barriers identified</u>	
Bias towards one or more groups	<u>No</u>	
Adapted practising fee to eliminate bias	<u>N/A</u>	
Barriers or impact identified but having considered all options carefully, there appear to be no other proportionate ways to achieve the policy aims in the programme of activity but by charging this level of practising fee.	<u>No</u>	<u>The waiver provision allows fees to be waived in cases of hardship</u>