

Approval of 2025 practising fee application made by the Intellectual Property Regulation Board (IPReg) to the Legal Services Board (LSB) under section 51 of the Legal Services Act 2007 (the Act)

1. The **LSB** has approved an application made by **IPReg** under section 51 of the Legal Services Act 2007 (**the Act**). Section 51 of the Act relates to the control of practising fees charged by approved regulators.
2. Practising fees are payable by a person under an approved regulator's regulatory arrangements, in circumstances where the payment of the fee is a condition which must be satisfied for that person to be authorised by the approved regulator to carry on one or more reserved legal activities. An approved regulator may only apply amounts raised by practising fees for one or more of the permitted purposes set out in section 51(4) of the Act and the Practising Fee Rules 2021 (**the Rules**)¹.
3. A practising fee is payable under the regulatory arrangements of an approved regulator only if the LSB has approved the level of the fee under section 51 of the Act. The Chartered Institute of Trade Mark Attorneys (CITMA) and Chartered Institute of Patent Attorneys (CIPA) are approved regulators, and IPReg is the regulatory body to which CITMA and CIPA have delegated their regulatory functions.
4. In making an application, an approved regulator must comply with the provisions of the Rules. The Rules provide a framework for the practising fee application and approval process. An approved regulator must also have regard to the LSB's Guidance on the Practising Fee Rules 2021 (**the Guidance**)² which gives guidance on each of the Rules.
5. This notice sets out the decision taken, including an assessment of the Practising Fees application.

Summary of application

6. IPReg's approach to distributing practising fees is based on the prescribed practice categories that attorneys fall into namely: registered attorneys in private practice (i.e. within an IPReg or SRA regulated firm), registered attorneys solely undertaking corporate work (i.e. for a company that does not provide legal services to the public), registered attorneys practising as a sole trader or as a sole trader not employing other regulated attorneys, solicitors or other professionals³ and finally, those not currently in

¹[LSB Practising Fee Rules 2021](#), issued on 29 January 2021

²[LSB Guidance on Practising Fee Rules 2021](#), issued on 29 January 2021

³ The IPReg Practice Fee Regulations 2023 states other professionals are for the purposes of the Regulations a manager or employee based in the UK who is not a registered attorney but holds

active practice. Following consultation, IPReg now seeks to abolish the fee-paying category “Registered attorney practising as a sole trader and employing other registered attorneys or other professionals” (**the Category**) and this Category does not feature within the table at paragraph 9 below.

7. The application submitted by IPReg proposes an increase in practising fees payable in 2025 by individuals and registered bodies by 3%, which is less than the 8% increase applied in 2024. This year’s increase excludes the fee for those ‘not in active practice’. This fee category remains unchanged for the second year running at £171 and £273, for those on single register and both registers respectively (as set out at Annex 1 of the application and the table at 9 below; see also paragraph 23 below). IPReg cites the positive EDI impact on the 119 attorneys currently in this category (many of whom have protected characteristics) as the main rationale behind not increasing the fee for this particular category.
8. In 2024 IPReg budgeted for a total income from Practising Fees of £1,247,781. For 2025, IPReg has budgeted for a projected total income of £1,344,451 which is an increase of £82,670, approximately 7.75%, from 2024. This is based on the assumption of 3705 individuals, and 257 registered and licenced bodies, paying a practising fee, which is an increase compared to 3559 individuals, and around 248 registered bodies, paying a practising fee the previous year. The budget is prepared using the accruals basis, in line with IPReg’s normal practice, and the renewals process is undertaken in the first three months of the year accounting for approximately 98% of total practice fees⁴.
9. Full details of the proposed 2025 fees are set out in the table of Annex 1 of the application. An overview is set out on the next page:

qualifications necessary for registration; a qualified European patent and or trade mark attorney, a barrister or solicitor of England and Wales.

⁴ See paragraph 41 (a) of the application - 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. Paragraph 36 explains fees from new entities and income from other sources were not included in the 2024 budget.

Proposed Practising Fees for 2025: Comparison with 2024 Practising Fees, (including members of Single register and those of both Registers⁵)

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	Overall Category removed	Overall Category removed
Registered attorney practising as a sole trader and employing other registered attorneys or other professionals: employing other registered attorneys - add fee per attorney	£81	£81	NOTE: THIS IS A SUB CATEGORY OF THE OVERALL CATEGORY ABOVE, BEING ABOLISHED - Category removed	NOTE: THIS IS A SUB CATEGORY OF THE OVERALL CATEGORY ABOVE, BEING ABOLISHED - Category removed
Registered attorney practising as a sole trader and employing other registered attorneys or other professionals: employing other professionals - add fee per professional	£324	£324	NOTE: THIS IS A SUB CATEGORY OF THE OVERALL CATEGORY BEING ABOLISHED - Category removed	NOTE: THIS IS A SUB CATEGORY OF THE OVERALL CATEGORY BEING ABOLISHED - Category removed

⁵ An attorney on a single register will be either a patent attorney or a trade mark attorney. An attorney on both registers will be both a patent attorney and a trade mark attorney.

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 - base fee	£404	£416
Any other registered body – add fee per attorney practising via the registered or licensed body	£81	£83
Any other registered body – add fee per other professional practising via the registered or licensed body	£324	£334

10. Page 8 of the application contains a table which explains that IPReg proposes to attribute fee income as follows:

- Policy & Governance incl. Conduct & Disciplinary, Diversity Initiatives, Education & Legal Choices: 55.41%
- Resources incl. Directors' Remuneration, Administrative Staff Salaries, balance of CEO salary and other associated staffing/directors' expenses: 20.09%
- Operational Costs incl. Corporation Tax, Financial Expenses, General administrative Expenses, IT Expenses, CRM Expenses and Legal and Professional: 15.75%
- PR/Communications: 0.77%
- Legal Services Board and Legal Ombudsman Levy: 7.97%

11. From the total practising fee income, £1,330,451 will support IPReg's regulatory activities, with the remaining funds allocated to levies: £5,000 for the Legal Ombudsman and £98,450 for the LSB.⁶

LSB assessment

Abolition of Category

⁶ See IPReg Practising Fee application 2025 Annex 5 Note : OLC levy: An Office for Legal Complaints (“OLC”) levy for all regulated practices to finance the IPReg’s costs for funding of the Legal Ombudsman (“LeO”) under section 173 of the Act and fall under one of the permitted purposes. ***The analysis in this decision notice does not extend to the levies for the LeO/ OLC.***

12. At paragraph 5 (a) of the application, IPReg proposes to abolish the fee paying category: *“Registered attorney practising as a sole trader and employing other registered attorneys or other professionals”* (the Category) as there is only one attorney practising under it.
13. IPReg has engaged with the relevant attorney and their firm to assist them to comply with the new fee categories. IPReg has informed the LSB that the attorney and their firm intend to amend their structure to align with one of the other practising fee categories before fees are due at the start of the new year. Additionally, IPReg has individually notified all 110 sole traders and attorneys about the proposal to ensure any others in this category, if unaccounted for, could be identified. IPReg confirmed that no further sole traders or attorneys have been identified.
14. We asked IPReg to confirm what safeguards have been put in place to ensure that the affected attorney and firm will have restructured in time to fit into an existing practising fee category.
15. IPReg stated that the affected attorney’s firm is made up of one patent and trademark attorney who employs a trademark attorney. IPReg explained that “the attorneys are very aware of the proposed change, have no objection to it and are prepared to make the necessary changes well before the end of 2024.”
16. IPReg also points out that the renewal date for registration is 1 January 2025, and attorneys and firms can renew their registration, without regulatory penalty or suspension, up until 1 March 2025. IPReg therefore concludes that the firm has a reasonable timeframe of over four months to complete the restructure and that there is no evidence to suggest that the firm will not complete the anticipated restructure and registration processes within that period. IPReg has confirmed that it has contingency arrangements in place to ensure it can collect a practising fee from the firm and attorney concerned in the event that they have not transitioned to another fee paying category in time.
17. In next year’s application we expect IPReg to provide an update on those firms and individuals who have been affected by the decision to abolish this category one year on, including for example, what fee paying category they transferred to (if any).

Reserves

18. Annex 8 of the application shows the reserves balance as of 30 June 2024. According to this data, IPReg has reserves of £748,851 in its Income & Expenditure Account. Annex 8 explains that IPReg has topped up its uncommitted reserves from this account in 2024. We note that these mid-year reserves figures are considerably higher than the reserves included in IPReg’s accounts for each year-end in December. We note that IPReg’s total Reserves were £876,834 as of December 2023.⁷
19. To enhance transparency, we requested that IPReg provide further details on the Income & Expenditure Account, specifically regarding the sources of funds and how IPReg plans to use these funds.
20. IPReg explained that these reserves have accumulated from budget surpluses over time. The £748,851 noted in Annex 8 largely represents the operating surplus as of

⁷ [IPReg accounts for the year end 31 December 2023 filed at Companies House](#). Page 7 (net assets)

the six-month mark in the financial year ending 31 December 2024, specifically £748,017 (see Annex 10). This surplus is expected to decline as operating costs are incurred over the remaining six months. IPReg also clarified that its income primarily comes from practice fees, most of which are collected within the first three months of the year, resulting in a high balance in the Income & Expenditure Account initially, which then gradually decreases over the financial year.

21. In next year's application we expect IPReg to provide greater transparency on the Income & Expenditure Account, particularly both in terms of a timely snapshot at the time of the annual application and the forecast low point for this account. In line with Rule 20⁸ of the Rules and paragraphs 92-100 of the Guidance⁹, we expect IPReg to take account of any surpluses in this account when setting practising fees for the following year.

Equality Impact Assessment

22. Paragraph 48 of the application refers to the Equality Impact Assessment (**EIA**) that IPReg carried out – with the final amended EIA included at Annex 13 (which also includes information from the IPReg 2024 diversity survey).
23. Prior to consultation, IPReg 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. The draft EIA was consulted upon (see Annex 3) and IPReg consider that retention of both the 'not in practice' provision (see paragraph 7 above) and the waiver provision mitigate any potential adverse impacts on these protected groups.¹⁰
24. We asked IPReg to provide further information around any plans for monitoring and responding to the actual impacts and/or evaluating the effectiveness of any mitigating action.
25. IPReg explained that from the 3,688 attorneys currently registered with IPReg, approximately 93.6% have their fees paid or reimbursed by their employer. IPReg further explained that it monitors the impact of practising fees on registered attorneys by:
- Recording and monitoring the reasons an attorney leaves the register;
 - Monitoring the volume and reasons of applications for a practising fee waiver and;
 - Horizon scanning and data collection.
26. IPReg concludes in its response to the LSB that there is “no evidence of any forthcoming issues in the short to intermediate term that will significantly impact the professions.” IPReg states that data shows only a slight yearly increase in the regulated professions, a “low number of attorneys... directly impacted by the 3% fee

⁸ [LSB Practising Fee Rules 2021](#), issued on 29 January 2021

⁹ [LSB Guidance on Practising Fee Rules 2021](#), issued on 29 January 2021

¹⁰ See the full EDI assessment at Annex 13 of the application; IPReg provides a waiver of the Practising Fees for attorneys facing hardship, in particular, for those who might be most disadvantaged by the rise in the Practising Fees. IPReg also confirms the “*not in active practice*” status allows them to pay a reduced rate

increase”, and that, “as a small regulator of a small profession’, it remains “agile and responsive to individual cases”. Therefore, IPReg believes it is “well placed to monitor and respond to actual impacts should they arise” and will consider adjustments if current measures prove insufficient in future years

27. We consider that IPReg has given meaningful consideration of equality issues for those who may be impacted by the level of the Practising Fees. This is particularly relevant to the regulatory objective of encouraging an independent, strong, diverse, and effective profession.

Decision

28. The LSB has approved the Practising Fees application submitted by IPReg for 2025 under section 51 of the Act.

Summary of expectations for next application

29. For the reasons set out above, in the next year’s Practising Fee application, the LSB expects IPReg to:

- a) to provide an update on those firms and individuals who have been affected by the decision to abolish this category one year on, including for example, what fee paying category they transferred to (if any).
- b) provide greater transparency on the Income & Expenditure Account, particularly both in terms of both a timely snap shot at the time of the annual application and the forecast low point for this account. In line with Rule 20¹¹ of the Rules and paragraphs 92-100 of the Guidance¹², we expect IPReg to take account of any surpluses in this account when setting practising fees for the following year.

Craig Westwood, Chief Executive
Acting under delegated authority granted by the Board of the Legal Services Board
4 November 2024

¹¹ [LSB Practising Fee Rules 2021](#), issued on 29 January 2021

¹² [LSB Guidance on Practising Fee Rules 2021](#), issued on 29 January 2021