

The Patent Regulation Board and the Trade Mark Regulation Board

Agenda

Thursday 23 January 2025 at 1.45 pm

Orwell Room, 20 Little Britain, London, EC1A 7DH

1. Apologies
2. Notification of any conflicts of interest

Items for decision/discussion

3. Minutes of December 2024 meeting and matters arising
4. 2025 Annual Renewal update (SE) – no paper
5. Education:
 - a. Education Review (SG)
 - b. EWG report back (KK) – no paper
 - c. PEB engagement: update on FC and FD accreditation exercises (SG/SE) – no paper
6. Complaints update (SE)
7. Response to LSB consultation on economic crime regulatory objective (BN)
8. Response to LSB 2025/26 business plan and levy increase consultation (VS)
9. CEO's report (FG)

Items to note

10. Red Risks (FG)
11. Action Log (FG)

12. Regulatory Statement

Confirmation that, except where expressly stated, all matters are approved by the Patent Regulation Board and the Trade Mark Regulation Board.

The Patent Regulation Board and the Trade Mark Regulation Board

DRAFT Minutes

Thursday 12 December 2024 at 1.00 p.m.

Orwell Room, 20 Little Britain, London, EC1A 7DH

Attending:

Rt Hon Lord Smith of Finsbury (IPReg Chair and Education Working Group)

Alan Clamp (Education Working Group)

Victor Olowe

Samantha Peters (Technology, Data and Innovation Working Group)

Henrietta Rooney (Education Working Group)

Gary Wilson (Technology, Data and Innovation Working Group)

Justin Bukspan (Technology, Data and Innovation Working Group – attending virtually)

Katarina Kolyva (Education Working Group Chair – attending virtually)

In attendance: Fran Gillon (CEO), Shelley Edwards (Head of Registration), Victoria Swan (Director of Policy – attending virtually), Sally Gosling (Head of Education Review)

1. Apologies were received from Harpreet Dhaliwal.
2. No conflicts of interest were declared.

Items for Decision/Discussion

3. Minutes of November 2024 Meeting and Matters Arising

- 3.1. The minutes of the meeting were approved as a correct record. There were no matters arising.

4. IT system and fee collection update

- 4.1. The Chair opened the discussion on the IT system and fee collection update. The CEO stated that the go-live date had been on 9 December, which had been slightly later than expected. The delay had not been due to IT, but the inability to take card payments. The submitting of the annual returns figure had been around 33%, which was a significant achievement. The figures were significantly lower for entities. This put the organisation in a strong position.
- 4.2. The Chair asked when the card payment issue was likely to be resolved. The CEO responded that she hoped that this would be resolved soon. We had applied to Elavon and had been told just over a week ago that the application had been approved. However, the following day, Elavon had notified us that their compliance team needed some more information and their decision could take up to 30 days. The CEO had contacted our external auditors who had confirmed that they would be happy to provide assurance to Elavon if required.

- 4.3. The CEO explained that around 75% of practising fees were collected by BACS. She hoped that the issue would be sorted relatively quickly, but there had been no impact on fees to date. If Elavon did not want to proceed, the option would be to approach Barclays or Stripe. The disadvantage of these providers was that some changes would be required to the CRM. There had been some queries from registrants, but not a significant number. It was not likely that there would be many queries over the Christmas period.
- 4.4. A Board member asked whether any irritation had been noted from registrants. A Board member responded that there had been some queries from registrants, and it was likely that if this issue was not fixed by January it could cause some annoyance.
- 4.5. A Board member asked whether it would be possible to extend the final payment deadline by two weeks, to mitigate any challenges or complaints. The CEO stated that she would see what happened in the next two weeks. If Elavon accepted our application, the process would be fairly quick. Payment could be made via BACS in the interim period.
- 4.6. The Chair asked whether it could be helpful to extend the deadline in any event. The CEO responded that more testing on the CRM would be required with Barclays or Stripe.
- 4.7. The Chair suggested that the CEO considered the situation in the following week when more was known from Elavon, and if the Board still decided it was necessary, there could be an extension of the cut-off date.
- 4.8. A Board member stated that she wanted to mitigate the risk of the situation worsening. She hoped that it would be resolved soon, but it would be good to know that there was the ability to put some flexibility in the system if needed. She asked whether any specific groups of registrants would be particularly impacted by the issue. If the complaint came from a particular group, there needed to be consideration about any issues raised.
- 4.9. The Head of Registration explained that there were a number of attorneys based out of the UK, and these individuals would prefer to pay by card. IPReg's rules did not allow them to suspend an attorney from the register for payment until 1 March. Registrants were given until 31 January to pay and were then given a suspension warning on 1 February before being suspended on 1 March. The communications would be tailored to reassure people that they would not be struck off the register for non-payment of fees if that was related to the card payment issue. It was also possible to waive the penalty for late payment.
- 4.10. The Chair stated that the executive team needed to make a decision in light of the information received in the following week, but the Board was prepared to be flexible to allow for an extension of the deadline.

Action: CFO to pursue applications to payment providers

Action: CEO and Head of Registration to keep situation under review

5. Education

Update on Education Review and PEB re-accreditation

- 5.1. The Head of Education Review provided an update on the education review. This set out the process for the re-accreditation of the PEB Foundation Certificate (FC) exams and the response to the requirements and recommendations following the accreditation exercise of the Final Diploma (FD) exams in 2022. The approach sought to ensure that the process was proportionate and as streamlined as possible. Independent assessors had been appointed to undertake the work, and there had been meetings with them to discuss their approach. The FD submission was expected to be received in the week commencing 16 December. Documents had been shared with the Education Working Group for advice.
- 5.2. The Head of Education Review stated that the Regulatory Forum on 12 December had discussed the impact of the FC and FD reviews on the PEB. The Regulatory Forum suggested that a meeting in the new year between the PEB, CIPA and IPReg could be helpful to identify any mitigation that needed to be put in place.
- 5.3. A Board member asked whether there would be any impact on the timetable put forward by the PEB for introducing the new exams in October 2025. The Head of Registration explained that there should be some efficiencies both for the PEB and the assessors from considering the FC and FD submissions concurrently. The Board agreed that, if necessary, IPReg would be open to discussing a change to the overall timetable. The assessors would finalise their report by the end of February, and this would be discussed at the March board meeting.
- 5.4. The Board noted the report.

Apprenticeships

- 5.5. The Chair noted that there had been preliminary discussions around apprenticeships in previous Board meetings, and IPReg supported exploring the development of an apprenticeship route into the profession.
- 5.6. The Head of Education Review explained that she had drafted a short position statement for the Board to consider. This set out IPReg's support for apprenticeships; there was a strong interest and appetite for exploring the benefits that apprenticeships could bring. There were uncertainties around Level 7 apprenticeships given recent Government statements. This was causing a lot of concern and uncertainty particularly in universities. The current group in relation to the patent attorney profession was considering a partial route to qualification. It could be valuable to not exclusively focus on one route, and instead consider other routes into the profession for patent attorneys.
- 5.7. The Head of Education Review stated that there had been strong interest for both professional bodies to look alternative routes to qualification. It was IPReg's role to ensure that the routes met our competency requirements. It could be helpful to provide a clear statement of support, considering the breadth of ways apprenticeships could be used. The

model of apprenticeships could be explored within the broader education review, to have greater integration and improve efficiencies.

5.8. A Board member stated that she welcomed the approach of apprenticeships. Her consideration was around timing. There was a lot of change taking place, and universities were in difficult financial positions to deliver in a changing policy landscape.

5.9. A Board member stated that his consideration was around timing and whether it would be beneficial to publicly state a position at present. He was not sure whether now was the correct time to explicitly announce IPReg's position. The Chair commented that he thought that a broader statement could be useful.

5.10. A Board member stated that the statement was appropriately broad and not committing to a particular policy at this point was sensible. He was comfortable to proceed with the statement.

5.11. A Board member stated that the paper was well-structured and sufficiently cautious given the extent of the work proposed to be undertaken in the Review. In terms of timing, the statement would demonstrate that IPReg was happy to engage with this matter and signal its commitment to it.

5.12. The Chair asked the Head of Education Review why she wanted to publish the position paper at this point. The Head of Education Review responded that it could be helpful to have a position that could be used in a range of ways, to indicate an openness about different routes into the profession. The statement took into account that the timing and the range of different issues in the apprenticeship agenda were likely to change.

5.13. The CEO stated that the other benefit of publishing the statement was to provide a level of transparency about the Board's thinking and discussions. A position statement could then be easily interpreted and referred to, providing overall transparency and clarity.

5.14. The Board approved the proposed position statement and its publication.

Action: Head of Education Review to publish statement

6. Governance Action Plan – Review of Outstanding Matters

6.1. A Board member introduced the paper and explained that it provided the opportunity to reflect on the work that had been completed on governance recently. The paper also provided an opportunity for the Board to be reflective on various matters and the questions set out on the paper should facilitate this.

6.2. The Chair asked for views on whether the strategic priorities were currently being reflected in Board papers and discussions. A Board member commented that there had been a discussion about strategic planning recently, and while this had been useful, the ideas had not been aligned to the business plan process.

- 6.3. The Chair asked whether Board members considered that there was a culture of reflective practice within the Board. A Board member noted that there was no formal structure for reflection at present.
- 6.4. The Chair suggested that the market update report was taken out of the CEO's report and once that had been re-positioned following the recommendation from the recent effectiveness review. Going forward it should be considered as a separate agenda item. He also suggested having a twice-yearly built-in Board-only discussion to reflect on the strategic priorities and general progress.
- 6.5. A Board member said the paper showed that a lot of progress had been made. It was important to have a balance between internal focus and external focus on broader policy areas. She suggested the possibility of a risk report. The Chair responded that he supported the suggestion of a risk report. The report could be developed for the annual strategy day, to inform the discussions.
- 6.6. A Board member said a strength of IPReg was how receptive the organisation had been to the recommendations from the Governance Working Group. He asked whether a regular review had been built in as part of the structure. The Chair suggested that it would be helpful for the executive team to be part of the reflection.
- 6.7. The Chair summarised that the risk report would be provided to the Board in advance of the strategy day, and there would be a reflective session at the six-month period with senior staff engaged. There would then be a further reflective session at the start of the strategy day for the Board members only. The Board members approved this approach. A Board member noted her appreciation for the work that the CEO had done on this item. The Chair added thanks to the Board member for leading the process so ably.

Action: CEO to incorporate changes to the six-month review and strategy day

7. First Tier Complaints – New LSB requirements

- 7.1. The Director of Policy introduced the new LSB requirements. The requirements were detailed and prescriptive; they were designed to improve the way that first tier complaints (FTCs) are considered by regulated firms across the sector. The LSB requires that there will be full compliance by November 2025. The LSB's new requirements mean that IPReg will have to undertake a consultation with the regulated community and submit a full rule change application to the LSB.
- 7.2. A Board member asked whether these requirements gave IPReg the opportunity for a positive news story, as the IPReg did not have many complaints.
- 7.3. The Board discussed various matters including:
 - 7.3.1. Enhancing the IPReg website perhaps with an animation to help explain to firms what the requirements were;

7.3.2. Identifying firms with good practice in complaints handling to share their approach with other firms;

7.3.3. That it was important to be clear about what constituted a complaint;

7.3.4. Whether the annual process data collection element should ask for more data about FTCs;

7.3.5. Whether there should be a call for evidence about the levels of FTCs for firms and sole traders regulated by IPReg.

7.4. The Chair summarised that the Board approved the general direction of the approach to consultation on FTCs. It would be important as part of the consultation to ask for evidence about the approach to handling FTCs and, more generally, to think about how to highlight how best practice.

8. Complaints Update

8.1. The Head of Registration presented the report. Four complaints would be carried over into 2025.

8.2. The Head of Registration said an additional ombudsman complaint had been received. The ombudsman had been very helpful in providing information about the complaints made to it. Overall, the ombudsman complaint numbers were still very low, but some work remained to be done around putting the number of complaints into context.

9. CEO's report

9.1. The CEO introduced the report.

Strategic objectives

9.2. She drew the Board's attention to the reframed strategic objectives. The Board discussed the draft objectives and in particular:

9.2.1. The importance of understanding and mitigating the risks faced by individual inventors;

9.2.2. The need to develop key performance indicators once the objectives had been agreed;

9.2.3. The continuing difficulty of obtaining evidence about individual consumers' needs for IP advice, although the absence of evidence supported the case that the sector is mainly business to business;

9.2.4. Whether the horizon scanning report could consider future risks, in terms of identifying the current and emerging risks and using this to inform policy in the coming years.

- 9.3. The Board asked the CEO to re-consider the risk that referred to individual consumers with a view to including a broader perception of risk and needs.

Action: CEO to re-draft the strategic objectives for the January 2025 Board meeting

Recruitment of a new IPReg Chair

- 9.4. The CEO stated that the working group set up by the Board to oversee recruitment had met. Three responses to a tender exercise for a recruitment consultant had been received. All responses had been within budget. The group considered that all three responses would be appointable, and the strengths, weaknesses and costs of each proposal had been considered. Gatenby Sanderson was recommended to the Board to conduct the process. The draft candidate information pack had been reviewed, and some amendments had been made. The CEO said she would keep the Board informed on the process. The advert would be likely to be published in the second half of January, with final appointments being made in April for ratification by the Board in May.

Regulatory Forum on 12 December

- 9.5. The CEO stated that the forum had received an update on the chair recruitment process and the changes that were being proposed to the IPReg Limited Articles of Association, the additional analysis on the diversity survey, as well as red risks. There had also been an update on practising fees and the issue with the payment provider. An area for collaboration had been identified in the area of artificial intelligence with an informal discussion group to be set up.

Cyber essentials

- 9.6. The Board asked the CEO to provide a report in March about obtaining Cyber Essentials.

Action: CEO to investigate obtaining Cyber Essentials and report to the March Board meeting.

10. Action Log

- 10.1. The action log was noted.

11. Red Risks

- 11.1. The red risks were noted.

The regulatory statement was given by the Chair. It was confirmed that, except where noted, all matters were approved by the Patent Regulation Board and the Trademark Regulation Board.

Company number: 06624948

**MINUTES OF A MEETING
OF THE DIRECTORS OF
THE INTELLECTUAL PROPERTY REGULATION BOARD LIMITED
(the “Company”)**

Place of Meeting: 12 December 2024

Date of Meeting: 20 Little Britain, London, EC1A 7DH

Persons Present: Rt Hon Lord Christopher Robert Smith, Justin-Jonathan Bukspan, Dr Alan Grenville Clamp, Aikaterini Kolyva, Victor Olusegun Olowe, Samantha Peters, Dr Henrietta Rooney and Dr Gary Wilson

1. CHAIR

1.1 Lord Christopher Robert Smith was appointed Chair of the meeting and chaired the meeting throughout.

2. NOTICE AND QUORUM

2.1 The Chair reported that due notice of the meeting had been given and that a quorum was present. Accordingly, the Chair declared the meeting open.

3. BUSINESS OF THE MEETING

3.1 The Chair reported that the business of the meeting was to consider and, if thought fit, approve:

3.1.1 the appointment of each of the current directors of the Company as members of the Company;

3.1.2 the resignation of The Chartered Institute of Trade Mark Attorneys and The Chartered Institute of Patent Attorneys as members of the Company; and

3.1.3 the proposed adoption by the Company of new articles of association (the “**New Articles**”).

4. DECLARATIONS OF INTEREST

- 4.1 Each director present confirmed that they had no interests to declare in the arrangements to be considered at the meeting in accordance with the requirements of section 177 of the Companies Act 2006 and the Company's articles of association.

5. RESIGNATION AND APPOINTMENT OF MEMBERS

- 5.1 There was produced to the meeting written resignations of The Chartered Institute of Trade Mark Attorneys and The Chartered Institute of Patent Attorneys as members of the Company (the "**Resignations**").

- 5.2 There was produced to the meeting membership application letters from the following persons requesting to be appointed as members of the Company:

- 5.2.1 Justin-Jonathan Bukspan;
- 5.2.2 Dr Alan Grenville Clamp;
- 5.2.3 Harpreet Dhaliwal;
- 5.2.4 Aikaterini Kolyva;
- 5.2.5 Victor Olusegun Olowe;
- 5.2.6 Samantha Peters;
- 5.2.7 Dr Henrietta Rooney;
- 5.2.8 Lord Christopher Robert Smith; and
- 5.2.9 Dr Gary Wilson,

(together the "**Incoming Members**").

- 5.3 **IT WAS RESOLVED** to:

- 5.3.1 appoint each of the Incoming Members as members of the Company with immediate effect; and
- 5.3.2 accept each of the Resignations with immediate effect.

- 5.4 The meeting adjourned so that the register of Members of the Company could be updated to reflect the Resignations and the appointment of the Incoming Members. The meeting resumed once the register of members had been updated.

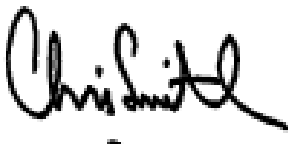
6. NEW ARTICLES OF ASSOCIATION

- 6.1 There was produced to the meeting:
- 6.1.1 a copy of the New Articles; and

- 6.1.2 a form of a written resolution to approve the adoption of the New Articles (the "**Written Resolution**").
- 6.2 After careful consideration of the New Articles and the Written Resolution, including consideration of the matters referred to in section 172(1) of the Companies Act 2006, the directors **RESOLVED** to approve the New Articles and the Written Resolution in the form produced to the meeting and the directors further **RESOLVED** to send the Written Resolution to the eligible members of the Company together with a copy of the New Articles.
- 6.3 The meeting was adjourned so that the Written Resolution and the New Articles could be submitted to the eligible members of the Company. The meeting reconvened and the Chair reported that the Written Resolution had passed and the New Articles had been adopted as the articles of association of the Company.
- 6.4 The Chair instructed the directors to make all necessary and appropriate entries in the Company's books and to file the following with Companies House:
 - 6.4.1 a filing print of the Written Resolution adopting the New Articles; and
 - 6.4.2 a copy of the New Articles.

7. CLOSE

There being no further business the Chair declared the meeting closed.



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Chair

Board meeting 23rd January 2025

Project initiation document for IPReg’s education review

Agenda item: 5a

Author: Sally Gosling, Head of Education Review; sally.gosling@ipreg.org.uk

This paper is for discussion/decision.

The covering Board paper will be published. The annexes will not be published.

Summary

1. This paper provides the Board with a project initiation document (PID) for IPReg’s education review. It builds on the paper put to the Board in November 2024 and reflects discussion held at the Education Working Group meeting on 8th January 2025 on the review’s priority themes and focuses.
2. The paper seeks to provide a complete overview of how the education review should be conducted. It covers the areas outlined below.

Recommendation

3. The Board is invited to
 - Consider the PID and its annexes, including to identify any areas in which greater clarity is needed on the review’s purpose and strategic ambition, plans for how it will be conducted, or the timeframe within which it will be delivered.
 - Approve the progression of the PID in line with the planned stages and phases, including the progression of the second phase of set-up activity prior to the Board’s March 2025 meeting.
 - Discuss additional resourcing for the project, in particular recruiting one or more policy officers to support it.

Risks and mitigations

Financial	Conducting the review will have financial implications for IPReg, with its being essential that how the review is conducted and what it delivers demonstrate cost-benefit for all stakeholders.	The PID sets out criteria and process for identifying and progressing where elements of project activity can most effectively and efficiently be progressed through securing external expertise and additional capacity. The enactment of these and the review’s wider financial arrangements will be managed, overseen and reported on as an integral part of the project and corporate governance arrangements, enabling the cost-effectiveness and value of how the review is conducted and what it achieves to be scrutinised and inform decision-making.
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Reputational	How the review is conducted and the changes resulting from it are critical to upholding IPReg’s reputation with its stakeholders.	<p>The PID outlines planned project activity to secure and maintain a focus on reviewing how IPReg enacts its regulatory responsibilities and functions relating to education, with the project governance arrangements designed to ensure project activity remains appropriate and within scope.</p> <p>Planning and managing effective stakeholder communications and engagement is a central focus in the PID, including to build and maintain trust and confidence in the review. Specific approaches and activities are outlined for communications and engagement activities across all stages of the project.</p>
Resources	Conducting the review has resource implications for IPReg. It is essential that the project, in terms of how it is conducted and what it delivers, demonstrate effective and efficient use of resources and provide cost-benefit and value for all stakeholders.	<p>IPReg has created the Head of Education Review role to progress the project. It is planned that some additional resources are secured to progress specific components of project activity at sufficient pace, informed by appropriate expertise.</p> <p>The approach to addressing project resource needs, including through IPReg’s annual business and financial planning for subsequent years, is outlined in the PID. A focus on project resourcing will be integral to project reporting and IPReg’s corporate governance risk management process.</p>

Supporting information

Purpose of the paper

4. The paper contains standard elements of a project initiation document (PID). It covers the areas listed below.
 - The review’s strategic ambition and scope (underpinned by a specification of project activity, priority themes and focuses, and the approach to conducting activity).
 - Project stages and timeline.
 - Project resources.
 - Approach to equality impact assessment.
 - Approach to stakeholder communications and engagement.
 - Governance and project management arrangements, including progress reporting to the LSB.
 - Plans for project evaluation.

5. This note highlights key areas of focus in the PID and its annexes to support the Board's consideration of the plans for the review. **Annex I** provides a glossary of key terms used in the PID (including its annexes).

Strategic ambition and scope of the review

6. The strategic ambition and scope of the review are set out in the PID. They align with the Board's discussions in November 2024 and reflect the Education Working Group's discussion on 8th January 2025. **Annex II** outlines the intended benefits of the review for different stakeholder groups.
7. The review's priority themes and focuses, in support of fulfilling the review's strategic ambition, are itemised in **Annex III** to the PID (supplied as a separate document from the PID). The priority themes and focuses are as follows:
 - Professional capability requirements.
 - Education models.
 - Quality assurance and enhancement (QAE).
 - Equality, diversity and inclusion (EDI) issues.
 - Stakeholder communications and engagement
 - Governance arrangements.

Project timeline

8. The timeline for conducting the review is set out in the PID. It structures project activity in four stages, with three of the stages comprising more than one phase of activity. The timeline is summarised below. The detail of the timeline is provided in **Annex IV**. The latter indicates the key gateways and draft milestones for decision-making to progress the project.
 - Stage A: Project set-up, comprising two phases of activity [October 2024 – March 2025]
 - Stage B: Developmental and stakeholder engagement, comprising three phases of activity [April 2025 – March 2027]
 - Stage C: Finalisation of review outputs [April – November 2027]
 - Stages D: Early implementation and evaluation, comprising two phases of activity [December 2027 – December 2029].
9. The timeline is designed to do the following:
 - Enable the project's successful delivery in a realistic timeframe within available resources.
 - Enable effective stakeholder communications, collaboration and engagement.
 - Ensure the effective management of inter-dependencies between different elements of the review, as well as between the project, wider IPReg activity and wider contextual factors.
 - Enable the logical sequencing of project elements, so that each stage/phase builds on previous project activity, progression through defined project gateways, and the achievement of the defined milestones towards achieving the project outputs and outcomes.
 - Enable the project's progress to be kept under review, including to identify if a change of approach is required to achieve the review's strategic ambition.
 - Support the smooth run-out of current arrangements and the lead-in of new arrangements arising from the review.

10. The timeline reflects the full span of project activity. This includes the project's set-up through to early implementation of its outputs and outcomes and early evaluation of its value and impact. Stages B and C of the project (from April 2025 to November 2027) form the active components of review activity.

Project resources

11. The PID sets out the planned approach to resourcing the project. This reflects what is already built into IPReg's executive arrangements and project budget for 2025. It also reflects plans to review wider executive resourcing; factoring the project into IPReg's annual business and financial planning (for 2026 onwards); and progressing specific project arrangements to secure additional expertise and capacity for specific components of activity. **Annex V** sets out criteria and a process for robust, transparent decision-making on securing additional resource for review activity, with a focus on achieving efficiency and value.

Stakeholder communications and engagement

12. Effective stakeholder communications and engagement is recognised as being critical to the project's successful delivery. This includes to build and maintain trust and confidence in how the review is conducted and in its outputs and outcomes. It is also essential for ensuring that the outputs and outcomes are well-informed and demonstrate responsiveness to changes in professional practice and employer, service delivery and consumer needs.

13. The intended approach to stakeholder communications and engagement in the project is set out in the main body of the PID. This is expanded on in **Annexes III** and **VI**. It is recognised that it will be essential for IPReg to communicate on the review in timely, accessible formats, including to promote and encourage stakeholder input and feedback.

14. In line with the project timeline (**Annex IV**), it is planned that initial communications and engagement activity is undertaken with key stakeholders during Phase 2 of Stage A (February/March 2025) and therefore as an integral part of the project's set-up. During this time, the project webpage will be created on IPReg's website during, with initial information on the project shared via this route as part of the project set-up arrangements. Progress on this planned activity will be reported to the Board's March 2025 meeting.

Equality, diversity and inclusion

15. A strong rationale for undertaking the review is to address current barriers to entry to the professions regulated by IPReg. Understanding current barriers and identifying enablers to address EDI issues therefore forms a priority focus within the review. The intended scope and approach is outlined in **Annex III**.

16. The main body of the PID outlines the intended approach to integrating equality impact assessments throughout the life of the project. The outcomes of assessments will be used to inform decision-making within the project's governance arrangements.

Governance arrangements

17. Project governance arrangements are set out in the PID, recognising their central importance for ensuring the review is progressed in ways that are robust, transparent, and build and maintain stakeholder trust and confidence. The project-specific governance arrangements (expanded on

in **Annex III** as one of the review's priority focuses) are intended to manage the scope and high-stakes of the project, provide rigour and transparency in how the project is conducted and progresses, and ensure opportunity for stakeholder collaboration and engagement. The arrangements will feed directly into IPReg's corporate governance arrangements to ensure the Board's oversight and inform its decision-making at key gateways in the project.

18. Draft terms of reference for project-specific groups are set out in **Annexes VII, VIII and IX** of the PID. The groups are as follows:

- A task and finish education review group that will report into the Education Working Group.
- An expert advisory group to provide specific input to the development of the project's key outputs.
- A time-limited reference group to enable wider two-way stakeholder communications and engagement within the project.

19. A key purpose of the arrangements is to ensure that the governance arrangements enable the Board to maintain oversight of project progress and delivery in line with the review's strategic ambition, identify risks and issues that require management and mitigation, and ensure decision-making is robust and appropriately informed. This includes to make decisions on whether a change of approach or direction is required in the context of changing needs to deliver the project's strategic ambition.

20. In line with the project timeline (**Annex IV**), it is planned that detailed activity is progressed during Phase 2 of Stage A of the project on developing project governance tools. Progress on this will be reported to the Board's March 2025 meeting.

Sally Gosling
IPReg Head of Education Review
16th January 2025

Board Meeting 23 January 2025

Complaints Update

Agenda Item: 6

Author: Shelley Edwards, Head of Registration (shelley.edwards@ipreg.org.uk 020 7632 7175)

This paper is to note

Summary

1. This paper is an update on complaints received and processed by IPReg. From 1 July 2023, the complaints process is governed by Chapter 4 of the [Core Regulatory Framework](#) and the Investigation and Disciplinary Requirements [Standard Operating Procedure](#).
2. Annex A contains case-specific updates which are confidential and will not be published.

Recommendation(s)

3. The Board agrees to note this paper.

Risks and mitigations

	Risk	Mitigation
Financial	We have allocated a budget of £35,000 for costs associated with processing complaints and conducting disciplinary hearings. There is a risk that an unanticipated increase in cases will cause us to exceed the budgeted figure	It is IPReg's policy to seek the external costs incurred in bringing disciplinary cases before a tribunal from the respondent, and recover any debt as appropriate.
Reputational	There may be a risk to IPReg's reputation if it were considered that IPReg was not conducting its investigation and enforcement process appropriately - pursuing cases with no evidential basis, not taking enforcement action where there is a clear breach of regulatory arrangements, poor decision-making at hearings etc.	IPReg has developed, in conjunction with legal advisers, a comprehensive decision-making policy to underpin its new enforcement and disciplinary procedures which form part of the regulatory arrangements review. A new Joint Disciplinary Panel has recently been appointed following a comprehensive recruitment campaign, and all new members have received training and induction.

Resources	IPReg manages the initial triage and investigation of cases internally, between the Assurance Officer and Head of Registration. There is a risk that a significant increase in cases will outstrip the internal capacity of the team	Analysis of complaints data over the last 6 years shows that whilst the number of complaints received seems to be increasing, IPReg has become more efficient at resolving these cases, resulting in cases being closed more quickly and the number of open cases in any given month holding steady or reducing
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Background

- The Board has routinely been updated on Complaints information, including the number of new complaints received and closed per month with a focus on the nature of individual complaints and the anticipated timetable for resolving them. The Board has not, to date, received information about the subject of the complaint due to IPReg’s former disciplinary process which may have resulted in Board members sitting as decision makers on the Complaint Review Committee.
- The Board has indicated it would find it useful to understand how cases are being monitored and advanced, to ensure timeliness of case progression.

Discussion

- The Board should note the information in this paper.

Next steps

- The Board should note the information in this paper.

Supporting information

Links to strategy and business plan

- The investigation and enforcement of complaints made about regulated persons is an integral part of IPReg’s remit.

Supporting the regulatory objectives and best regulatory practice

- A robust investigation and enforcement process protects and promotes the public interest by demonstrating that regulated persons who breach any of IPReg’s regulatory arrangements are appropriately investigated and taken through a fair and transparent disciplinary process. IPReg’s process supports the constitutional principle of the rule of law in that justice must be done and be seen to be done in accordance with the principles of natural justice. Publishing decisions about disciplinary matters, protects and promotes the interests of consumers, promotes competition within the regulated community and increases public understanding of their legal rights by allowing consumers to make fully informed choices about their legal representatives. A clear, transparent and proportionate enforcement policy encourages an

independent, strong, diverse and effective legal profession by creating a deterrent to poor practice or professional misconduct.

10. IPReg follows best regulatory practice in the identification, investigation and processing of complaints and disciplinary hearings. Internal decision makers have backgrounds in regulation and professional discipline, and one is a practising solicitor. Members of the [Disciplinary and Interim Orders Tribunal](#) receive regular training on best practice in decision making, and are supported by legal advisers with a regulatory and professional discipline specialism. Best regulatory practice is therefore at the forefront of all decisions across all aspects of investigation and the running of disciplinary hearings.

Impacts

11. There are no specific impacts on any type of regulated person, consumer or group.

Monitoring, Evaluation and Key Metrics

12. In addition to headline information reported in this paper, case progression information is reported at every Board meeting in a confidential annex (to ensure ongoing investigations are not prejudiced). The Board has oversight of the number of complaints made, how long they are open, case status, next steps and anticipated timeframes on ongoing investigations. Departures from timescales set out in the Investigation and Disciplinary Requirements [Standard Operating Procedure](#) are reported in the confidential annex.

Communication and engagement

13. Disciplinary decisions are published on IPReg's website [here](#) and, where applicable, against the name of the attorney or firm on the [online register](#).

Equality and diversity

14. There are no specific equality and diversity issues.

Evidence/data and assumptions

Cases by numbers

As at 16 January 2025

- Total open cases 6
- Cases opened since last meeting 2
- Cases closed since last meeting 0
- Change (from last meeting) +2

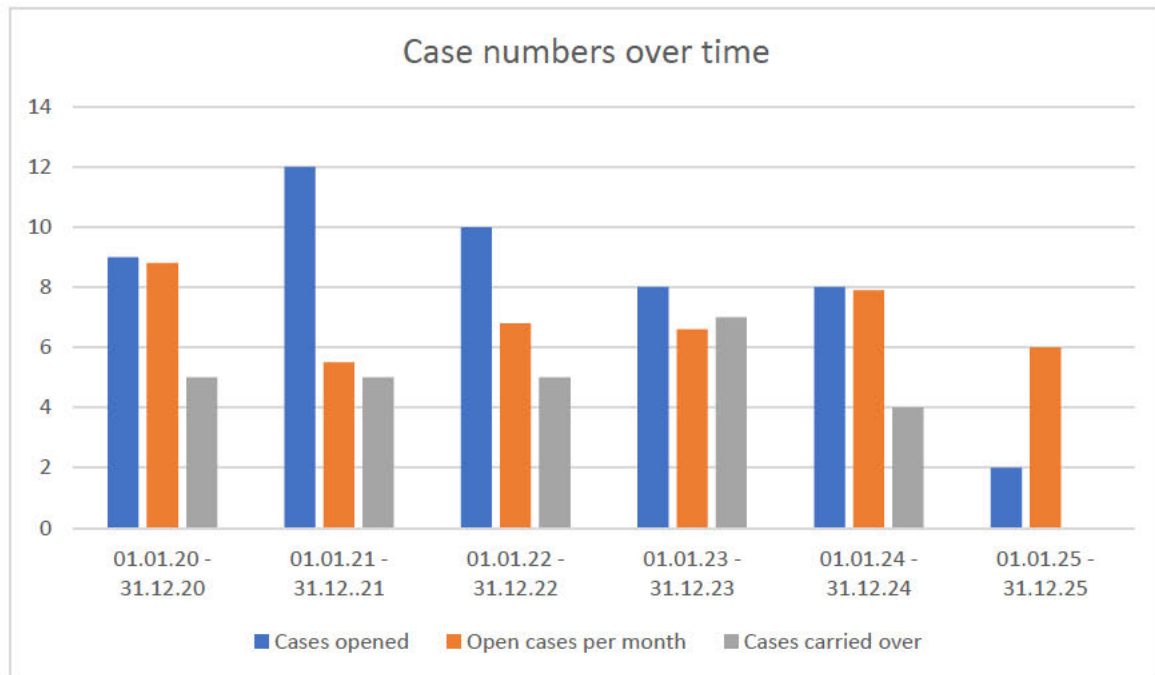
Year to date (from 1 January 2025)

- Total cases received 2
- Total cases closed 0

Legal Ombudsman

Complaints received in last month	0
Cases open	2 (28.8.24 and 21.9.24)
Timeliness	
Oldest open case	96 weeks
Newest open case	1 week
Mean	34 weeks
Median	19.5 weeks

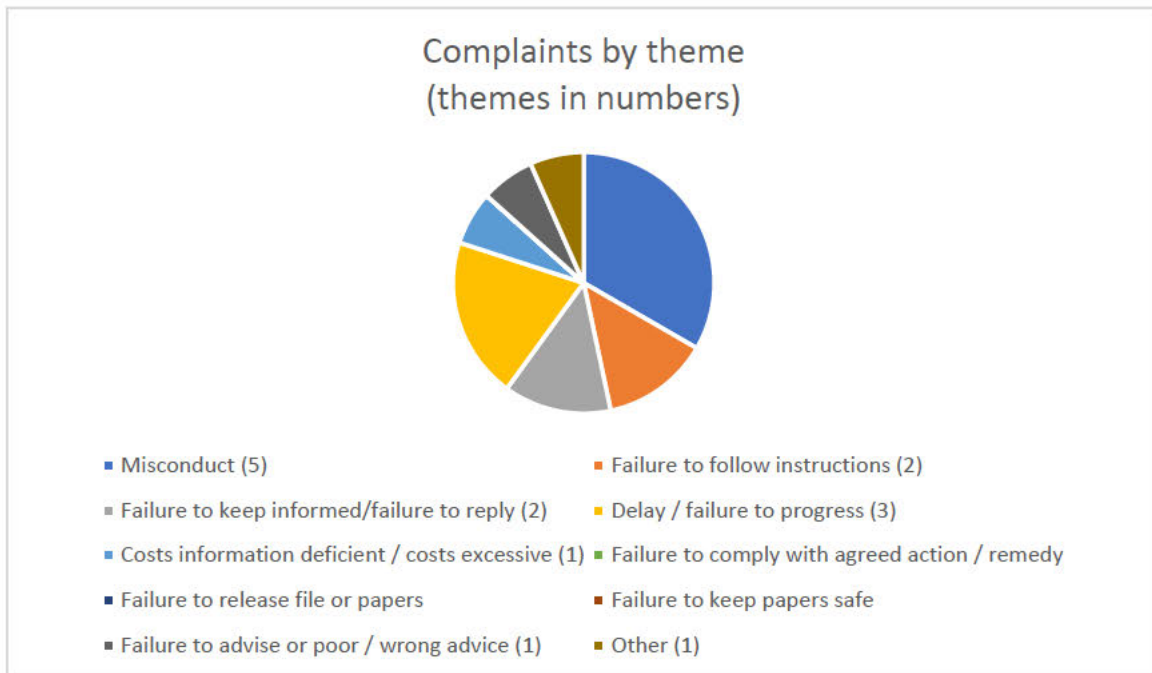
Analysis and trends (12 month periods)



	01.01.20 – 31.12.20	01.01.21 – 31.12.21	01.01.22 – 31.12.22	01.01.23 – 31.12.23	01.01.24 - 31.12.24	01.01.25 - 31.12.25
New cases opened / received	9	12	10	11	9	2
Total open cases during period	19	17	16	17	17	6
Overall case numbers open per month (range)	5 – 12	3 – 8	6 - 9	5 - 9	4-10	6
Overall case numbers open per month (avg)	8.8	5.5	6.8	6.3	7.5	6
Cases carried over to next period	5	5	5	8	4	
Cases closed/resolved within 12 weeks*	44%	50%	50%	60%	53.8%	
Cases closed/resolved within 26 weeks*	50%	58%	60%	70%	61.5%	

*Of cases closed this calendar year

Open complaints by theme



Misconduct includes:

- Misappropriation / mismanagement of funds (1 case)
- Unprofessional / inappropriate conduct with a third party (1 case)
- Conviction (1 case)
- Unauthorised transfer of client file to another firm (1 case)
- Misleading information provided (1 case)

Board Meeting 23 January 2025

LSB consultation on proposed guidance for the new regulatory objective on economic crime

Agenda Item: 7

Author: Benedict Newman, Compliance and Authorisations Officer (ben.newman@ipreg.org.uk)

This paper is for decision

This covering Board paper will be published.

Annex A will be published. The final version of Annex B will be published on the website on the [response to consultations page](#). It will also likely be published by the LSB on its website.

Summary

1. On 15 November 2024, the LSB notified IPReg of the launch of its consultation (Annex A) on the LSB's proposed guidance on the new economic crime regulatory objective.
2. The consultation will close on 7 February 2025.

Recommendation(s)

3. The Board discusses the draft response at Annex B and delegates finalisation to the CEO.

Risks and mitigations

	Risk	Mitigation
Financial	There are no specific financial risks.	N/A
	[REDACTED]	[REDACTED]
	[REDACTED]	
	[REDACTED]	
Reputational	All frontline regulators are required to meet the LSB's expectations in this area, and failure to do so would likely result in reputational damage and possible	The Board will have oversight of IPReg's response to the final guidance once it is published.

	enforcement action. Failure to address the steps IPReg intends to take in relation to this new Regulatory Objective may also impact on IPReg's reputation more widely amongst members of the public.	
Resources	<p>No additional resources have been required for this response.</p> <p>However, once the LSB guidance is finalised, resource will be required to develop and implement any measures that may be required in response to the guidance. At the outset this will likely mostly require time commitment from the Compliance and Authorisations Officer, but external resources may also need to be utilised.</p>	We have held an initial discussion with David Bish on possible approaches for gathering the types of data needed to assess the risk of facilitation of economic crime within IPReg's regulated community.

Background

4. The Economic Crime and Corporate Transparency Act (the ECCTA), which was passed on 26 October 2023, introduced a new regulatory objective under the Legal Services Act 2007 of 'promoting the prevention and detection of economic crime'.
5. The LSB is seeking to issue guidance to IPReg and the other regulators it oversees for the purpose of providing them with information and advice as to how we should meet the new regulatory objective, alongside the other pre-existing and established eight regulatory objectives in the Act, to fulfil our obligation under section 28(2) of the Act. This sets out that regulators are required to, so far as reasonably practicable, act in a way (a) which is compatible with the regulatory objectives, and (b) which regulators consider most appropriate for the purpose of meeting those objectives.
6. The LSB sought information from the regulators about what actions they planned to undertake after the ECCTA received royal assent in October 2023. This information request was discussed at the Board meetings in [December 2023](#) and [January 2024](#). Following this, information was provided to the LSB about what actions are already taken by IPReg which relate to the objective.
7. To gain further understanding on existing regulatory gaps and how legal regulation could better contribute to detecting and preventing economic crime, the LSB hosted a roundtable event in June 2024 with regulators and non-governmental organisations, which IPReg attended. The roundtable event sought views on key areas of concern and how the LSB could assist regulators to comply with the new regulatory objective.
8. The discussion noted the many areas where economic crime may be facilitated by legal services, and the importance legal services regulation plays in curtailing economic crime. The discussion also acknowledged the variety in risk (e.g. frequency, severity, likelihood) and types of risk, faced by the different legal professions and the practice areas within them.
9. Following the roundtable, the draft guidance has been issued for consultation.

Discussion

10. IPReg has long established [guidance](#) to the professions on the scope of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (“the regulations”) in relation to the work of regulated attorneys. This guidance reflects the fact that most activities attorneys undertake fall outside the scope of the regulations.
11. The guidance also sets out the rationale for why IPReg, CIPA and CITMA collectively concluded that it was not necessary or desirable for there to be a Supervisory Authority for the regulated Intellectual Property Sector. This rationale centred on the limited extent to which the work of regulated attorneys engages the regulations and the limited risks of money laundering and terrorist financing arising from that work.
12. However, the economic crime objective has a broader scope than just money laundering and terrorist financing. It also covers crimes such as bribery, fraud and theft, amongst others.
13. The LSB’s proposed guidance is outcomes based. It applies to all forms of crime covered under the definition of economic crime.
14. The LSB expects regulators to demonstrate that they have met the expectations and outcomes identified in the guidance. The regulators will be expected to demonstrate that evidence-based decisions have been taken to determine what measures are appropriate to implement for their regulated communities and authorised persons.
15. The guidance is drafted in a way which reflects that there are varying degrees of risks posed by the different legal professions, and that responses and actions will differ accordingly. However, there is an implication in the guidance that all the regulators will seek to develop new standards for their regulated communities following completion of an initial risk assessment. We think that this may set too high a burden for regulators such as IPReg where the risks of facilitating economic crime are likely to be considered low, and may not be a proportionate response in IPReg’s case where our existing overarching principles are sufficiently broad in scope to set the appropriate standard for regulated attorneys. This is reflected in the draft response to the LSB at Annex B.
16. Overall, however, we think that the guidance is likely to be helpful to the Board in formulating a targeted and proportionate response to our obligations with regard to the new regulatory objective.

Next steps

17. The Compliance and Authorisations Officer will finalise the response and send it to the LSB.

Supporting information

Links to strategy and business plan

18. Responding to LSB consultations is an element of the business plan.

Supporting the regulatory objectives and best regulatory practice

19. The LSB’s guidance will directly support the regulatory objectives and should support sharing of best regulatory practice amongst the regulators.

Impacts

20. The new regulatory objective forms part of the UK's wider strategy to combat economic crime, which has a broad public benefit. It should therefore also have a positive impact on users of regulated IP services.

Monitoring, Evaluation and Key Metrics

21. As this will be new guidance issued by the LSB, future monitoring and evaluation activities in relation to any measures taken by IPReg in line with it will need to be developed.

Communication and engagement

22. No stakeholder engagement or communication has taken place to date in respect of the draft guidance, with the exception of attendance at the roundtable event in June 2024.

Equality and diversity

23. Nothing specific for this issue.

Evidence/data and assumptions

24. Nothing specific for this issue.

Consultation on Guidance for New Regulatory Objective on Economic Crime

Seeking views on the proposed guidance on the *Legal Services Act's* new regulatory objective on economic crime.

This consultation will close on **7 February 2025**.

This Consultation Paper will be of interest to:

Approved regulators

Providers of legal services

Legal representative bodies

Legal advisory organisations

Other third sector organisations, particularly those focused on reducing economic crime

Non-departmental public bodies, particularly those that form part of the UK's response to economic crime

Consumer groups

Law schools/universities

Legal academics

Members of the legal profession

Accountancy bodies

Potential new entrants to the ABS market

Think tanks

Government departments, particularly those with an interest in addressing economic crime

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Executive Summary

1. This consultation seeks views on **proposed draft guidance** on the new regulatory objective of ‘promoting the prevention and detection of economic crime’, from section 1(1)(i) of the Legal Services Act 2007 (“the Act”)¹, as added by the *Economic Crime and Corporate Transparency Act 2023*.
2. Section 162(1)(d) of the Act specifies that the Legal Services Board (“LSB”) may give guidance for the purpose of meeting the regulatory objectives and, under section 162(2), that the guidance may consist of such information and advice as the LSB considers appropriate.
3. The proposed guidance is intended to provide regulators with information and advice as to how they should meet the new regulatory objective, alongside the other pre-existing and established eight regulatory objectives in the Act, to fulfil their obligation under section 28(2) of the Act. This sets out that regulators are required to, so far as reasonably practicable, act in a way (a) which is compatible with the regulatory objectives, and (b) which regulators consider most appropriate for the purpose of meeting those objectives.
4. The proposed guidance identifies the following **four outcomes** that regulators should pursue to ensure compliance with the new economic crime regulatory objective:
 1. **Understand the risks and issues** that may lead to the regulated sector facilitating economic crime **and take appropriate actions** to prevent and detect their occurrence.
 2. **Ensure that authorised persons understand their duties** and the risks related to economic crime in the provision of legal services and are supported to act in a manner that upholds the rule of law and adheres to the professional principles and other regulatory obligations.
 3. **Monitor authorised persons’ compliance** with any standards developed by regulators to support the prevention and detection of economic crime and address instances where authorised persons fail to comply.
 4. **Maintain active evaluation** of any implemented standards and procedures to ensure they continue to be fit for purpose in addressing economic crime risks over the long term.

¹ <https://www.legislation.gov.uk/ukpga/2007/29/section/3>

5. Regulators who do not pursue these outcomes would need to be able to evidence how they have otherwise complied with the new regulatory objective in accordance with their section 28 duties.
6. The draft guidance takes into account regulators' duty under section 28(3) of the Act, to have regard in their regulatory activities to the principles of best regulatory practice, including ensuring regulation is transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed.
7. The consultation period begins on 15 November 2024 and will run for 12 weeks until 7 February 2025. Please send all responses to:
 - Email: consultations@legalservicesboard.org.uk OR
 - Post: Legal Services Board, 3rd floor, The Rookery, 2 Dyott Street, London, WC1A 1DE 107.

Introduction and Background

8. The Legal Services Board (“LSB”) is the oversight regulator for legal services. It is responsible for regulating nine approved regulators² of legal services as well as the regulators to which many of the approved regulators have delegated their regulatory functions.
9. The LSB was established by the Legal Services Act 2007 (“the Act”), which requires the LSB and approved regulators to promote the Act’s nine regulatory objectives³.

New Regulatory Objective on the Prevention and Detection of Economic Crime

10. Section 209 of the *Economic Crime and Corporate Transparency Act 2023* (ECCTA) added “promoting the prevention and detection of economic crime” as an additional regulatory objective within the Act.
11. This measure, which came into force in March 2024, was introduced alongside several other provisions within the ECCTA with the aim of improving the UK’s response to economic crime⁴. It makes explicit that the LSB and the approved legal services regulators have a duty to ‘promote the prevention and detection of economic crime’ alongside the other regulatory objectives.
12. The new regulatory objective was added to ‘*place onus on regulators to be active in promoting and upholding adherence to the economic crime regime*’⁵, and ensure that such work was ‘*explicitly part of the regulatory role*’⁶.

Proposed Statutory Guidance on the New Regulatory Objective on Economic Crime

Purpose of Proposed Guidance

13. Prior to the ECCTA’s passing, stakeholders raised concerns around the reach of the new regulatory objective, how it should be implemented and whether it would require legal professionals to police economic crime.⁷

² The Law Society, Chartered Institute of Legal Executives, The Bar Council, Chartered Institute of Trade Mark Attorneys, Chartered Institute of Patent Attorneys, Association of Costs Lawyers, The Council for Licensed Conveyancers, The Master of the Faculties, Institute of Chartered Accountants in England and Wales, The Institute of Chartered Accountants of Scotland (Dormant)

³ [Legal Services Act 2007 \(legislation.gov.uk\)](https://legislation.gov.uk)

⁴ [Overarching factsheet \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

⁵ [Economic Crime and Corporate Transparency Bill - Hansard - UK Parliament; Lord Bellamy](#)

⁶ *ibid*

⁷ [Economic Crime and Corporate Transparency Bill - Hansard - UK Parliament; Economic Crime Bill may confuse the role of lawyers, says Bar Council; Economic Crime and Corporate Transparency Bill \(parliament.uk\)](#)

14. In light of the concerns raised, the LSB committed to providing additional clarity for regulators on how to comply with the new regulatory objective. This commitment included making clear that preventing and detecting economic crime is a responsibility that the Act places on the LSB and the approved regulators, rather than regulated persons directly (regulated persons are required to comply with the regulatory framework implemented by regulators to meet the regulatory objective).
15. After the ECCTA received Royal Assent in October 2023, the LSB requested information from regulators to understand their readiness to comply with the new regulatory objective.
16. In their responses, all eight regulators identified actions they were already taking, both prior to and following the ECCTA introduction. The identified actions primarily focused on the areas of anti-money laundering, financial sanctions and fraud. Regulators' responses generally demonstrated that they had started taking steps to promote the new regulatory objective.
17. To gain further understanding on existing regulatory gaps and how legal regulation could better contribute to detecting and preventing economic crime, the LSB hosted a roundtable event in June 2024 with regulators and non-governmental organisations. The roundtable event sought views on key areas of concern and how the LSB could assist regulators to comply with the new regulatory objective.
18. The discussion noted the many areas where economic crime may be facilitated by legal services, and the importance legal services regulation plays in curtailing economic crime. The discussion also acknowledged the variety in risk (e.g. frequency, severity, likelihood) and types of risk, faced by the different legal professions and the practice areas within them.
19. Research⁸ also indicates that while there have been advances in law and regulation that have helped reduce the use of lawyers in facilitating economic crime, some lawyers are still engaged in a range of activities that may be used to enable economic crime, either as unwitting or complicit participants.
20. It is on this basis that the LSB has determined that action is required to support regulators in understanding and complying with the new regulatory objective. Under section 162 of the Act, the LSB may develop guidance on a list of matters, including: "*for the purposes of meeting the regulatory objectives*"⁹ and

⁸ [TIUK AtYourService WEB.pdf \(transparency.org.uk\)](#); [Privileged Profession.Full .pdf \(spotlightcorruption.org\)](#)

⁹ Section 162(1)(d) of the Act

“about any other matters about which it appears to the Board to be desirable to give guidance”¹⁰.

21. The LSB has determined that outcomes-based statutory guidance is the most proportionate and appropriate way to assist regulators to comply with the new regulatory objective as it:
 - (a) should facilitate a harmonised approach to the prevention and detection of economic crime across legal services regulation in England and Wales.
 - (b) allows regulators to take informed actions in promoting the new regulatory objective, in a manner that best suits the circumstances of their regulated communities recognising that there are varying economic crime risks that occur among the different regulated professions, consistent with the discretion provided under section 28(2)(b) of the Act.
22. The outcomes identified within the guidance aim to ensure regulators develop an appropriate response to the new economic crime objective that aligns with the statutory duties in the Act.
23. In developing the proposed guidance, the LSB has had regard to the principles in section 3(3)(a) of the Act, under which, regulatory activities should be transparent, accountable, proportionate, consistent, and targeted only at cases in which action is needed¹¹.
24. Over the long-term, the LSB would monitor the efficacy of the proposed guidance in supporting regulators to comply with the new regulatory objective and, where necessary, would update the guidance.

Proposed Outcomes

25. As referenced in paragraph 5 above, the proposed guidance sets out the following outcomes that regulators should meet to demonstrate that they comply with the new regulatory objective:
 - (a) **Understand the risks and issues** that may lead to the regulated sector facilitating economic crime **and take appropriate actions** to prevent and detect their occurrence.
 - (b) **Ensure that authorised persons understand their duties** and the risks related to economic crime in the provision of legal services and are supported to act in a manner that upholds the rule of law and adheres to the professional principles and other regulatory obligations.

¹⁰ Section 162(1)(f) of the Act

¹¹ Section 3(3) of the Act: <https://www.legislation.gov.uk/ukpga/2007/29/section/3>

(c) **Monitor authorised persons' compliance** with any standards developed by regulators to support the prevention and detection of economic crime and address instances where authorised persons fail to comply.

(d) **Regularly evaluate** any implemented standards and procedures to ensure they continue to be fit for purpose in addressing economic crime risks over the long term.

26. Each outcome within the proposed guidance is supplemented by expectations and considerations to assist regulators to demonstrate meeting each outcome. These are explained in more detail in paragraphs 31-47 below.

27. In addition to the proposed guidance, and to further assist regulators to develop their regulatory approaches, we propose to help facilitate regulators' ability to share case-studies and other relevant information related to complying with the new regulatory objective. This is in alignment with feedback from regulators noting that opportunities for information sharing and support to devise and share case studies would help them act in alignment with the new regulatory objective.

Q1: Do you agree that guidance with outcomes is the right approach to take to assist regulators to pursue the new regulatory objective alongside the other objectives in section 1 of the Act?

Q2: Are the four outcomes we have identified in the guidance the rights ones? Are there any others we have missed?

Q3: How might the LSB and Regulators better support the sharing of case studies? What other information should be shared to support meeting the new regulatory objective?

Q4: Do you know of any case study examples that would assist regulators in demonstrating how legal professionals may knowingly or unknowingly facilitate economic crime?

Outcome 1 – Understand the risks and issues that may lead to the regulated sector facilitating economic crime and take appropriate actions to prevent and detect their occurrence.

28. This outcome is intended to ensure that each regulator is taking action to gain awareness of the risks and issues facing their regulated communities that may enable economic crime, and taking action to mitigate those risks.

29. Evidence provided at the LSB's roundtable and research completed by other stakeholders¹² identify that while there are regulatory arrangements in place to detect and prevent the facilitation of economic crime in legal service provision, there are still areas where legal professionals can knowingly or unknowingly facilitate economic crime. Completing a risk assessment will help regulators close existing regulatory gaps.
30. Undertaking risk assessments at the appropriate intervals, using appropriate risk assessment models and with an appropriate scope of economic crime risks considered, should ensure effective risk identification and management by regulators.
31. The LSB fully understands that economic crime risks are varied for legal professionals within the regulated sector. This means that the programme of work identified as suitable by each regulator will be bespoke to each profession.

Q5: Do you agree that undertaking a risk assessment will enable regulators to target their approaches for their regulated communities most effectively?

Q6: Do you have any other comments on this proposed outcome?

Outcome 2 – Ensure that authorised persons understand their duties and the risks they face related to economic crime and are supported to act in a manner that upholds the rule of law and adherence to the professional principles.

32. Regulators should ensure that regulated persons have a good level of awareness of, and are appropriately equipped to respond to, risks that may lead to them knowingly or unknowingly enabling economic crime.
33. Legal services may be used in several, often inconspicuous ways, to help facilitate economic crime. Those engaging in economic crime may exploit gaps in their legal service providers' knowledge and procedures to conduct their illegal activities. Ensuring that regulated persons are able to identify risks and are undertaking appropriate due diligence should help ensure that their actions do not unwittingly facilitate economic crime.
34. A key component will be providing regulated persons with tools that enable them to maintain awareness of higher-risk activities, understand best practice in responding to risks and act in accordance with their professional duties. Where there are instances of legal professionals being exploited to facilitate economic

¹² [The Puppet Masters - ISBN: 9780821388945 \(worldbank.org\)](https://www.worldbank.org/);

crime, we would expect regulators to identify learnings and take action to reduce the likelihood of this occurring again. This, in turn, should help regulators detect and prevent economic crime more effectively in future.

Q7: Do you agree with the proposed outcome for regulators to help their regulated communities to understand the risks they may face concerning economic crime, and support them to avoid facilitating economic crime?

Q8: Do you have any other comments on the proposed outcome?

Outcome 3 - Monitor authorised persons' compliance with any standards developed by regulators to support the prevention and detection of economic crime and address instances where authorised persons fail to comply.

35. Regulators should monitor compliance with any standards and develop an approach for addressing non-compliance.
36. This outcome recognises that standards and expectations need to be upheld and enforced in order to be effective, both in terms of ensuring high levels of regulatory compliance and maintaining public confidence in the legal profession.
37. Consequences for improper conduct should exist to deter regulated persons from engaging in activities that diverge from established standards.
38. Based on supervision of existing regulatory arrangements, there is evidence that some regulated persons fail to comply with requirements and standards intended to prevent economic crime¹³. It will be important for regulators to monitor that any regulatory arrangements they put in place are complied with, to ensure that there is consistent safeguarding against economic crime across their respective regulated communities' activities. This should help raise standards across the sector and reduce the potential for those engaging in economic crime to choose services from alternative providers where compliance may be less assiduous.
39. Having a compliance approach that provides for different tools to be used against different types and severity of non-compliance should help ensure that

¹³ [Final annual supervision report 2022-23.pdf \(publishing.service.gov.uk\)](#); [CLC-AML-Report-Nov-2023-1.pdf \(clc-uk.org\)](#); [SRA | Anti-Money Laundering annual report 2022-23 | Solicitors Regulation Authority](#); [BSB Anti-Money Laundering Annual Report 2022-23](#)

regulated persons are held to account and deterred from diverging from established standards, without being excessively punitive.

40. Basing the frequency and proactivity of compliance monitoring activities on the likelihood and severity of economic risks will allow for appropriate enforcement activities that avoid unnecessarily burdensome requirements for regulators and regulated persons.

Q9: Do you agree that the proposed outcome relating to monitoring and enforcement will help regulators detect and prevent economic crime?

Q10: Do you have any other comments on the proposed outcome?

Outcome 4 – Regularly evaluate any implemented standards and procedures to ensure they continue to be fit for purpose in addressing economic crime risks over the long term.

41. Regulators should evaluate the efficacy of their approach and where necessary update measures that may have been developed for the prevention and detection of economic crime, to ensure they remain fit for purpose.
42. This outcome accordingly seeks to ensure that regulators frequently review their actions, maintain up-to-date awareness of economic crime issues and modify their responses to economic crime as appropriate for any changes to risks or challenges within their sector.
43. Through this outcome we aim to ensure that the implementation of the new economic crime objective is regularly considered as part of regulators' functions. It will help ensure that regulators take into account the evolving nature of economic crime, and the changing risks that may arise over time with changes in how, where and by whom economic crime is being undertaken.
44. Regular evaluation will help regulators understand whether new or adapted actions are required for their approach to the new regulatory objective to remain fit for purpose.

Q12: Do you agree that an outcome around continued monitoring and evaluation will help ensure any measures regulators decides to put in place are effective to address economic crime into the future?

Q13: Do you have any other comments on the proposed outcome?

Implementation and monitoring

45. Subject to consideration of the responses received to this consultation, the final guidance will take effect immediately at publication. We propose to monitor and assess the use of this proposed guidance via the LSB's Regulatory Performance Assessment Framework.
46. We intend to include the final guidance in the LSB's Regulatory Performance Assessment Framework: Sourcebook of Standards and Characteristics to make it clear that regulators should have regard to it when reporting on how they meet the specified standards and characteristics.
47. Where regulators are able to give assurance that they meet the outcomes within the guidance, it will likely be sufficient to demonstrate that they have successfully integrated the new regulatory objective within their regulatory functions.

Q14: Do you agree with our proposed plan for implementation?

Equality Impact Assessment

48. In accordance with the Equalities Act 2010 and the Public Sector Equality Duty under it, the LSB has given due consideration for how this proposed guidance may impact those who may experience inequality on the grounds of their protected characteristics under the Equality Act 2010 or where they are otherwise vulnerable.
49. We consider that this guidance is likely to have a positive impact on equality and we have not identified any likely negative equality impact resulting from this guidance. The ultimate victims of economic crime are often those in vulnerable circumstances, such as women, children and migrants, as they are typically impacted by crimes, such as human trafficking, that rely on economic crimes for monetary gains.
50. In addition, it is a matter of significant public interest that small firms and licensable bodies are resilient to economic crime. The guidance accordingly seeks to assist regulators to build a regulatory framework that deters economic criminals from involving legal services in their activities (either from within or outside the profession).

Q15: Do you have any comments or concerns about the equality impacts of our proposed guidance?

Q16: Do you consider we have identified the right groups, or do you have any evidence relating to the potential impact of our proposals on other groups with certain protected characteristics, and any associated mitigating measures that you think we should consider?

Q17: Are there any wider equality issues and interventions that we should take into account?

Impact Assessment

51. The LSB has considered the likely impact of the draft guidance on the approved regulators, regulatory bodies, their regulated communities, and consumers and consider that it is proportionate.
52. Our approach is intended to ensure that regulators take steps to understand the risks concerning economic crime within their regulated communities, and then address those risks as they consider most appropriate, in line with their duties under section 28 of the Act.
53. Regulators have an active duty to promote the regulatory objectives in accordance with section 28 of the Act. We recognise that introducing new outcomes for regulators in statutory guidance may result in some increased burdens on authorised persons, including regulated entities. Regulators should aim to ensure that the activities they undertake are proportionate to the specific risks they find within their regulated communities, keeping this under review in the light of evidence.
54. The LSB has also considered the impact on regulated persons, including small firms and licensable bodies, whose businesses may be required to incur additional costs to comply with new regulatory requirements set by regulators to meet the new regulatory objective. Again, proportionality and targeting are key principles; effective risk assessments will help to identify the actions that are appropriate to different levels of risk.
55. Our view is that any potential increased burdens caused by the proposed guidance would likely be outweighed by the benefit to consumers and the public interest from regulators incorporating the new regulatory objective into their activities, in a measured and proportionate manner. Without the proposed guidance, integration of the new regulatory objective into each regulators'

activities could lack cohesion, take effect at a slower pace or, in extreme circumstances, fail to occur or be disproportionately burdensome, thereby undermining the intended impact of the new regulatory objective.

Q18: Do you have any comments on the potential impact of the draft guidance, including the likely costs and anticipated benefits?

Q19: Do you have any other comments about the proposed guidance?

Responding to the consultation

56. This consultation seeks views on the proposed draft guidance on the new regulatory objective. The consultation will run from **15 November 2024 to 7 February 2025**. We will consider all responses received and make any resulting changes as appropriate to the draft guidance. We intend to publish our response to the consultation alongside the final guidance in Spring 2025.
57. The consultation questions that have appeared in this document are set out collectively below for ease of reference.

Q1: Do you agree that guidance with outcomes is the right approach to take to assist regulators to pursue the new regulatory objective alongside the others in section 1 of the Act?

Q2: Are the four outcomes we have identified in the guidance the rights ones? Are there any others we have missed?

Q3: How might the LSB, approved regulators and/or regulators better support the sharing of case studies? What other information should also be shared to support meeting the new regulatory objective?

Q4: Do you know of any case study examples that would be useful to share, that point to how legal professionals may knowingly or unknowingly facilitate economic crime?

Q5: Do you agree that undertaking a risk analysis will enable regulators to target their approaches for their regulated communities most effectively?

Q6: Do you have any other comments on this proposed outcome?

Q7: Do you agree with the proposed outcome for regulators to help their regulated communities understand the risks they may face concerning economic crime, and support them to avoid facilitating economic crime?

Q8: Do you have any other comments on the proposed outcome?

Q9: Do you agree that an outcome relating to monitoring and enforcement will help regulators detect and prevent economic crime?

Q10: Do you have any other comments on the proposed outcome?

Q11: Do you agree that an outcome around continued monitoring and evaluation will help ensure any measures regulators decides to put in place are effective to address economic crime into the future, there should be?

Q12: Do you have any other comments on the proposed outcome?

Q13: Do you agree with our proposed plan for implementation?

Q14: Do you have any comments or concerns about the equality impacts of our proposed guidance?

Q15: Do you consider we have identified the right groups, or do you have any evidence relating to the potential impact of our proposals on other groups with certain protected characteristics, and any associated mitigating measures that you think we should consider?

Q16: Are there any wider equality issues and interventions that we should take into account?

Q17: Do you have any comments on the potential impact of the draft guidance, including the likely costs and anticipated benefits?

Q18: Do you have any other comments about the proposed guidance?

58. Any submissions should be made to the LSB by 11:59 p.m. on 7 February 2025. Responses should be sent to:

- Email: consultations@legalservicesboard.org.uk OR
- Post: Legal Services Board, 3rd floor, The Rookery, 2 Dyott Street, London, WC1A 1DE 107.

59. We would prefer to receive responses electronically but will accept hard copy responses by post if an electronic response is not possible. Responses should indicate who is responding, or on whose behalf the response is made. Please ensure that responses reach us by the closing date and time as we cannot guarantee that responses received after this date will be considered.

60. We intend to publish all responses to this consultation on our website, with personal data redacted. We may also refer to a response within our

consultation response document. If a respondent explicitly requests that a specific part of the response, or its entirety, should be kept confidential we will not publish the response. We will record the identity of the respondent and the fact that they have submitted a confidential response in our summary of responses.

61. Notwithstanding the above, please note that the LSB is a public body and is therefore obliged to comply with requests for information under the Freedom of Information Act 2000 and other information access legislation. Therefore, while we will not publish personal data on our website, and while we will seek to adhere to any request to keep a response confidential, we cannot guarantee that we will be able to withhold such information under information access legislation.
62. For further information about our handling of personal data please refer to our Privacy Notice¹⁴.

Next steps

63. This consultation closes on 7 February 2025. Once the consultation has closed, we will consider all feedback received and make any resulting changes, as appropriate, to the guidance before publication.

Complaints

64. Complaints or queries about the LSB's consultation process should be directed to the Consultation Co-ordinator, at the following address:

Consultation Co-ordinator
Legal Services Board
3rd Floor, The Rookery
2 Dyott Street
London
WC1A 1DE

Or by e-mail to: consultations@legalservicesboard.org.uk

¹⁴ <https://legalservicesboard.org.uk/privacy-notice>

Annex A – Draft LSB statutory guidance – New Regulatory Objective on Economic Crime

Purpose of this document

1. The Legal Services Board (“LSB”) is the independent body that oversees the regulation of legal services in England and Wales. The LSB was created by the Legal Services Act 2007 (“the Act”) to hold to account regulators for the different branches of the legal services profession. The Act provides that in discharging its functions the LSB and approved regulators must, so far as reasonably practicable, act in a way that is compatible with nine regulatory objectives, and which are considered most appropriate for the purpose of meeting those objectives¹⁵.
2. One of the nine regulatory objectives: *promoting the prevention and detection of economic crime*, was added to the Act by way of an amendment under the Economic Crime and Corporate Transparency Act 2023.
3. This Guidance is given by the LSB under section 162 of the Act to provide regulators with information and advice as to how they may comply with their duty to promote the new regulatory objective, alongside the other regulatory objectives in the Act. Regulators should have regard to this Guidance in performing their regulatory activities.
4. In developing this Guidance, the LSB has had regard to the principles in section s3(3) of the Act, under which regulatory activities should be transparent, accountable, proportionate, consistent, and targeted only at cases in which action is needed.
5. As specified under section 162(5)3 of the Act, when carrying out its functions the LSB may have regard to the extent to which regulators have complied with this Guidance as part of its oversight activities. This includes assessment of regulators under the Regulatory Performance Assessment Framework, and consideration of regulators’ applications for changes to regulatory arrangements).
6. All terms used in this Guidance are, unless otherwise stated, as defined in the Act.

¹⁵ Legal Services Act, sections 3(2) and 28(2)

LSB Guidance on the New Economic Crime Regulatory Objective

7. The new regulatory objective was introduced by Parliament in recognition that legal services regulation has an important role to play in responding to economic crime. It places the responsibility to promote the prevention and detection of economic crime on the LSB and regulators.
8. The new regulatory objective is intended to give regulators, and the LSB in its oversight role, confidence to respond to, and pursue the prevention and detection of, economic crime within the legal services regulatory framework.¹⁶
9. While the new regulatory objective does not place any direct onus on regulated persons to proactively prevent and detect economic crime, this Guidance recognises that regulated persons should be supported by their regulators to not knowingly or unknowingly facilitate economic crime.
10. This Guidance is intended to help make legal regulation a key piece of a strong response to economic crime across the UK. It sets expectations for how regulators should approach promoting the new regulatory objective. It does not seek to identify all specific actions that regulators should take to meet this duty as it applies to the new regulatory objective.
11. Regulators should pursue the outcomes in paragraphs 17 and take account of the considerations and expectations in paragraphs 18 to 24. These outcomes are in alignment with the expectation contained within the LSB's Well-Led standard at characteristic 9¹⁷ of the Regulatory Performance Assessment Framework, although the new regulatory objective, as for all regulatory objectives in the Act, is relevant under each of the Standards and characteristics of the Regulatory Performance Assessment Framework.
12. The LSB is mindful that the Act gives regulators discretion to act in a way which each considers most appropriate for the purpose of meeting the regulatory objectives. If regulators choose alternative methods of complying with the new regulatory objective, they should be able to demonstrate, and evidence this.
13. For legal regulation to be effective in combatting economic crime, regulatory action needs to be pursued in the context of and in alignment with existing statutes and regulatory frameworks for preventing economic crime, some of

¹⁶ <https://hansard.parliament.uk/Lords/2023-06-27/debates/EF8264AF-6478-470E-8B37-018C4B278F6E/EconomicCrimeAndCorporateTransparencyBill?highlight=legal%20services%20board#>

¹⁷ Characteristic 9 states: 'Has a comprehensive understanding of the market it regulates, including the consumers of services, and proactively identifies risks to the regulatory objectives; has a clear programme of activity to address those risks'.

which already apply to professionals and firms regulated under the Act (e.g., the Money Laundering Regulations 2007)¹⁸.

14. Regulators should also consider the existing evidence on risks and responses to economic crime (e.g., from the National Crime Agency), in their own approach to implementing the new regulatory objective, to effectively prevent and detect economic crime.

Outcomes

15. The LSB recognises that regulators regulate different professional groups, reserved legal activities and authorised persons (including both individuals and entities) and, as a consequence, they may adopt different approaches to pursue the stated outcomes, that are appropriate for their regulated communities.
16. In pursuing the outcomes, each regulator should have regard to the principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed, and adhere to any other principle appearing to it to represent the best regulatory practice¹⁹.

17. Regulators should pursue the following outcomes:

- (a) **Understand the risks and issues** that may lead to the regulated sector facilitating economic crime **and take appropriate actions** to prevent and detect their occurrence.
- (b) **Ensure that authorised persons understand their duties** and the risks related to economic crime in the provision of legal services and are supported to act in a manner that upholds the rule of law and adheres to the professional principles and other regulatory obligations.
- (c) **Monitor authorised persons' compliance** with any standards developed by regulators to support the prevention and detection of economic crime and address instances where authorised persons fail to comply.
- (d) **Regularly evaluate** any implemented standards and procedures to ensure they continue to be fit for purpose in addressing economic crime risks over the long term.

¹⁸ [The Money Laundering Regulations 2007 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

¹⁹ Legal Services Act 2007, [section 28\(3\)](#)

Expectations and considerations

17. The LSB expects regulators to demonstrate that they have met the expectations set out within this section and the outcomes identified in the previous section. Regulators must be able to demonstrate that evidence-based decisions have been taken to determine what measures are appropriate to implement for their regulated communities and authorised persons.
18. This section sets out the expectations that regulators should take into account when pursuing the outcomes identified within the guidance.

Outcome 1: Risk Assessment

In pursuing Outcome 1 regulators should engage in comprehensive risk assessment activities, to gain an understanding of and develop responses to, risks that their regulated communities knowingly or unknowingly facilitate economic crime.

19. In doing so, regulators should determine:
 - a. Effective procedures to identify risks and issues concerning economic crime that may affect their regulated communities. Areas of concern may include, but are not limited to, legal professionals' involvement in money laundering, breaching of financial sanctions, fraud, bribery and corruption.
 - b. How often economic crime risk analysis should be carried out, given the severity and likelihood of risks for the whole, or parts, of their regulated communities.
 - c. Evidence-based approaches to address any identified risks.
20. In pursuing this outcome, regulators should also work collaboratively both with other legal and non-legal regulators as well as others who are experts in risks relating to economic crime, such as the Serious Fraud Office, to obtain a holistic understanding of where the risk of facilitating economic crime may materialise for regulated communities, and how legal services providers may stay alert to those risks, so they do not knowingly or unknowingly facilitate economic crime.

Outcome 2: Developing Standards and Tools for Regulated Community

In pursuing Outcome 2 regulators should have in place standards that help guide authorised persons to manage risks of knowingly or unknowingly facilitating economic crime.

21. The developed standards should be informed by:

- (a) The findings of the risk analysis conducted with respect to economic crime, and whether the developed resources/ tools substantially mitigate those risks.
 - (b) Feedback from the regulated community and other relevant stakeholders on what would be most appropriate to help authorised persons manage the risk of facilitating economic crime.
 - (c) How proactive or reactive the established standards should be, given the likelihood and severity of the risk materialising.
 - (d) The types of support that would help authorised persons understand and maintain compliance with any standards, (e.g. continued professional development activities, resource sites with common issues).
22. In pursuing this outcome, regulators should work collaboratively where possible in order to align with the approaches and outcomes being pursued by other legal sector regulators so that there is an appropriate level of standardisation in the approach to addressing instances or risks of economic crime across the sector. This has, for example, the benefit of embedding collaboration so that regulators can share their expertise. Where regulators deviate from identified best practice or mutually agreed approaches that could appropriately have been adopted, regulators should be able to demonstrate why they have developed a distinct approach for the identified type of issue.

Outcome 3: Monitoring Compliance

In pursuing Outcome 3, regulators should have an appropriate process for monitoring compliance with any standards developed with respect to managing the risks of facilitating economic crime.

23. In doing so, regulators should identify:
- (a) A graduated system of monitoring measures that accounts for varying degrees of concern and severity of non-compliance with the standards (eg, ranging from providing warnings to deploying disciplinary measures).
 - (b) How often regulators will be engaging in compliance monitoring given the likelihood and severity of the issue and/or risk materialising that may be identified through work carried out under Outcome 1 (eg, whether authorised persons must proactively share information regarding their compliance, or if it is sought out by regulators on a routine basis, or once an issue has been identified).
 - (c) How the compliance approach will encourage authorised persons to adhere to the established standards.

- (d) The steps regulators will take to mitigate repeat occurrences in instances where regulated persons fail to comply.

Outcome 4: Evaluation of Implemented Standards

In pursuing Outcome 4 regulators should ensure that any regulatory approach to promoting the detection and prevention of economic crime is adaptable to new or changed risks. Regulators should have a plan for (a) evaluating the efficacy of their implemented approach(es) towards promoting the prevention and detection of economic crime and (b) updating their approach(es), as appropriate, based on the findings of their evaluation or in response to wider events.

- 24. In doing so, regulators should identify:
 - (a) How frequently evaluations should take place, with consideration provided for the length of time it takes for the actions taken to have impact.
 - (b) The most appropriate method and indicators to understand the impact of any actions taken by regulators in order to assess whether the methods are working and to ascertain the corrective action required.

Regulatory Dependencies:

- 25. This guidance will be subject to periodic review to ensure that it remains fit for purpose as a tool for assisting regulators to consider the new regulatory objective to promote the prevention and detection of economic crime alongside all other regulatory objectives, and in line with their duties under section 28 of the Act.
- 26. Legal services may be used in a myriad of ways to facilitate economic crime and as a result require a comprehensive suite of responses. This guidance may overlap with other regulatory requirements, systems or laws, that aim to respond to behaviour that amounts to or facilitates economic crime.
- 27. While regulators should pursue the outcomes identified within this guidance, The LSB will aim to align with and take into consideration regulatory requirements and standards that have been established for regulators (e.g. related to financial sanctions, anti-money laundering) so as to not set duplicative expectations for regulators.
- 28. For the avoidance of doubt, regulators should be able to demonstrate that their approach to the implementation of the new objective is evidence based, in alignment with the findings of their risk analysis.

Board Meeting 23 January 2025

Response to LSB consultation on Business Plan 2025/26 and levy increase

Agenda Item: 8

Author: Victoria Swan, Director of Policy (Victoria.swan@ipreg.org.uk)

This paper is for decision.

This covering Board paper will be published. The Annex (proposed IPReg response to the LSB consultation) is a draft document and will not be published. The final version of the document will be published on the website of both LSB and IPReg.

Summary

1. The Legal Services Board (LSB) has issued its [consultation](#) on its 2025/26 Business Plan and its accompanying levy increase which the frontline regulators pay. This paper introduces the proposed IPReg response to that consultation.
2. The consultation proposes another significant increase in the LSB levy, of 14%/£757k. This would mean it has increased its budget by 41% over the last 4 years, from £4.287m to a proposed £6.028m¹.
3. Reasons behind the proposed 14% budget increase include an additional post in the statutory decision making process, an office move, increases in the budgets for the [Legal Services Consumer Panel](#) and legal advice, and creation of a contingency fund.
4. The draft IPReg response to the consultation is not in support of the proposed 14% increase in the LSB's levy and proposes that the LSB reviews its planned work programme in light of this. In the event the LSB pursues the 14% increase, it is asked to provide more clarity and detail regarding the proposed cost increases. This could be done by following the transparency requirements that the LSB places on regulators in their practising fee applications.

Recommendation(s)

5. The Board agrees the proposed IPReg response to the LSB's 2025/26 Business Plan and budget, in particular, that:
 - a) the 14% budget/levy increase is excessive;
 - b) consideration be given to obtaining costs from where the risk profile has increased, should that be the case;

¹ IPReg's intended 2025 expenditure is £1,297, 950.

- c) LSB to review its planned activities and limit any increase in levy to the CPI;
- d) LSB to provide clarity and transparency in line with its own requirements on regulators' practising fee applications;

subject to any changes the Board may suggest.

Risks and mitigations

	Risk	Mitigation
Financial	The last LSB levy payment required/made by IPReg was in respect of the year ended 31/3/2024 and was £80,004.25. Should that be increased by the 14% the LSB proposes, this would likely see an IPReg c£91,204.85 levy cost.	The draft IPReg response proposes that consideration be given to consideration be given to obtaining costs from where the risk profile has increased, should that be the case.
Reputational	In recent years, the LSB has placed much emphasis upon frontline regulators limiting the cost of regulation/practising certificate fees increases. We have applied this proportionate principle with a 3% increase (slightly above the CPI figure of the time of 2.2%).	The draft IPReg response proposes that the LSB limits the budget increase to the CPI rate.
Resources	The LSB identifies five policy workstreams which will be focused on in 2025: professional ethics and the rule of law; equality, diversity and inclusion (EDI); access to justice; disciplinary and enforcement; and consumer protection (see paragraph 9 of this paper for more information on these workstreams). These are in addition to the regulatory performance assessment findings, implementation and review of the new economic crime statutory objective (please see elsewhere on the agenda), the outcome of consumer empowerment policy statement review, implementation of the new first tier complaints requirements and the new technology and innovation expectations.	The potential impact of the LSB's workstreams on the workstreams of the regulators requires significant resource allocation. Within IPReg, the Director of Policy is responsible for the majority of the engagement with the LSB, though necessarily, some significant pieces of work are allocated elsewhere, when in keeping with other roles and specialisms, such as the economic crime regulatory objective (Compliance and Authorisations Officer) and the technology and innovation work (external research consultant).

Background

6. The LSB is proposing a 14% increase in its levy on the legal services regulators. This would see an increase of £757k on its current budget resulting in a £6.028m budget. This is in the context of an increase of 12.75% in 2024/25, 9.1% in 2023/24 and 4.6% in 2022/23. If the LSB goes ahead with that proposed £757k increase, the budget will have increased significantly, by 41%², over this period, from £4.287m to £6.028m.
7. Factors behind the proposed 14% increase of budget include:
 - an additional post in the statutory decision-making process – £279k increase in the ‘colleague costs’ budget line which is increasing from £3,449,000 to £3,728,000, though it is not clear exactly what this covers;
 - an office move – £198k in revenue costs and £500k in capital costs;
 - the [Legal Services Consumer Panel](#) budget – proposed to increase by nearly £100k (from £209,000 to £308,000 – an increase of nearly 30%)
 - contingency fund – £200k.

It provides little detail about how these amounts have been arrived at and what they might cover. It is the frontline regulators, through the practising fees they collect from their regulated communities, which fund the LSB. We therefore ask the LSB to be more transparent about the reason for the proposed cost increases. This could be done by following the transparency requirements that the LSB places on regulators in their practising fee applications.

8. The proposed IPReg response is not supportive of the extent of the budget increase, the amounts allocated to certain activities – such as the projected cost of the office move – and the levy this will impose upon the IP regulated community. Additionally, we do not support the proposal of increasing oversight irrespective of the differing risk profiles of the regulatory sectors. It proposes that the LSB review its planned work (both business-as-usual and additional projects) to reduce any increase in the levy to the Consumer Prices Index³(CPI). This could include consideration of making its rule change process more efficient and targeting statements of policy at those areas of risk rather than the current “one size fits all” approach (which the increased requirements on First Tier Complaints is one example of).
9. The business plan identifies five key policy workstreams over 2025:
 - *Professional ethics and the rule of law* – subject to consultation on its proposals, ensuring regulators make progress on implementation of its policy expectations; its

² IPReg’s practising certificate fees increases for reference - 3% in 2025, 8% in 2024, 6% in 2023, 0% increase in both 2022 and 2021.

³ Our own most recent PCF increase was/is 3%, just slightly above the 2.2% CPI rate at that time.

longer term ambition is to drive a cultural step-change to support and empower professional ethical decision-making;

- *Equality, diversity and inclusion (EDI)* – developing, consulting, and subject to that, implementing new policy on EDI; will aim to maximise the impact of regulation in removing barriers to a more equal, diverse and inclusive legal sector; and longer term seeking to drive cultural changes in the legal sector and to help establish good practice;
- *Access to justice* – undertaking research, stakeholder engagement and analysis to identify where regulation can improve access to justice; considering how regulatory levers can be used to address unmet legal need as well as how regulatory expertise can help support policy initiatives best led by other stakeholders and consider how other avenues might address access to justice challenges;
- *Disciplinary and enforcement* – consulting on, and subject to that, implementing a set of principles to underpin effective disciplinary and enforcement processes among the regulators;
- *Consumer protection* – working in collaboration with stakeholders to help ensure that technology and innovation, including artificial intelligence, is used to improve consumer outcomes; examining risks to consumers from large firm failures, the injection of third party litigation funding into certain areas of the market and poor practice in areas such as bulk litigation.

Options

10. Given there can be a perception that in recent years the LSB has not typically given much consideration to consultation feedback, it was nonetheless considered important that, as a leviable body, we make a response. It is also important that we can provide our regulated community with as much transparency as we can as to what their practising certificate fee will be spent on. With this in mind, the proposed IPReg response proposes that the LSB applies its own transparency parameters relating to practising certificate fee applications to it. The regulators will then be better able to provide their regulated communities with information on why its levy has significantly increased again.
11. The LSB is clear that it expects the frontline regulators to deliver a Regulatory Information Service. That being a single digital register which provides a one-stop shop for potential consumers, informing their choice of legal services provider. Together under the Legal Choices umbrella, the regulators have commissioned the scoping of the RIS, with implementation likely to have significant financial repercussions for the regulators. Consideration was given whether to reference this in the response so as to provide further context regarding the broader financial expectations the LSB has of the regulators. It has not been included in the draft response so as not to dilute its message (or it could be interpreted that we are not seeking to be part of the RIS).

Discussion

12. The Board is asked to determine whether it endorses the policy positions proposed for inclusion in the IPReg response, in particular, that:

- the 14% budget/levy increase is excessive;
- consideration to be given to obtaining costs from where the risk profile has increased, should that be the case;
- the LSB to review its planned activities and limit any increase in levy to the CPI;
- the LSB to provide clarity and transparency in line with its own requirements on regulators' practising fee applications.

13. It is also asked:

- whether it considers that the broader financial context, in particular, the RIS expectation, should be included in the response;
- to advise if anything else needs to be included in the response that is not covered in the current draft.

Next steps

14. We will amend the response as informed by the Board discussion – final version to be approved by the IPReg CEO and Chair - and submit it to the LSB ahead of the consultation deadline of 3 February 2025.

Supporting information

Links to strategy and business plan

N/A

Supporting the regulatory objectives and best regulatory practice

N/A

Impacts

N/A

Monitoring, Evaluation and Key Metrics

N/A

Communication and engagement

N/A

Equality and diversity

15. As at item 9, EDI is one of the five main policy workstreams of the LSB in 2025 and will likely see them implement new policy for the regulators on EDI.

Evidence/data and assumptions

N/A

Board Meeting 23 January 2025

CEO report

Agenda Item: 9

Author: Fran Gillon, CEO (fran.gillon@ipreg.org.uk)

This paper is for discussion.

Annex A will be published. Annex B (strategic objectives) will be published once they are finalised. Annex C will not be published (advice to the Board).

Summary

1. This report sets out information about IPReg’s activities that are not covered elsewhere in today’s agenda.

Recommendation(s)

2. The Board is asked to:
 - a. Note this paper;
 - b. Comment on the re-scoped strategic objectives (paragraph 4a);
 - c. Discuss whether IPReg should take any additional steps as a result of the additional analysis undertaken of the diversity survey (paragraph 12).

Risks and mitigations

	Risk	Mitigation
Financial	No specific financial risks	N/A
████	████████████████████	████
Reputational	No specific reputational risks.	N/A
Resources	No specific resourcing risks	N/A

Progress on the 2024 Business Plan

3. The Board receives regular updates on our work through the Board papers on specific policy areas and business as usual. One of the suggestions from the governance review was to provide specific updates on progress against the business plan. I have therefore drawn out the main areas of work set out in the 2024/25 plan and updated them – **Annex A**. These are the areas of work over which we have control. I have not included the work involved in responding to the LSB’s consultations and related work, or our business as usual activities.

Board effectiveness review – follow up actions

4. As reported to the December Board meeting, I met Independent Audit for a follow up discussion on 21 November. They suggested that the:
 - a. re-scoped strategic objectives should be submitted to the January 2025 Board meeting. These were considered at the December Board meeting. The re-drafted objectives are at **Annex B** for consideration;
 - b. changes to the agenda structure, Board papers and CEO report should be implemented from the March Board meeting. This will follow a training morning for the Team on drafting effective Board papers which has been arranged for 22 January;
 - c. the group set up to take forward recruitment of a new Chair has reviewed the candidate information pack and media strategy. The recruitment campaign is due to launch on 20 January. **An oral update will be provided at the meeting.**

Meetings

CIPA and CITMA

5. The 3 CEOs are due to meet on 29 January.

LSB engagement

- *Relationship management meeting*
6. A meeting has been arranged for 31 January.
 - *LSB consultations*
 7. Nothing to note for this meeting.

Correspondence

8. Nothing to note for this meeting.

IP Practice Directors' Group (IPPDG)

9. Nothing to note for this meeting.

Conferences/webinars attended by Team and Board members

10. None to report.

Regulatory Performance

11. Our report was sent to the LSB following the November Board meeting. A response is expected in February 2025 for factual accuracy checks with the final response from the LSB due in March 2025.

Diversity

12. Following an enquiry from a registrant about the diversity of new entrants to the profession, we asked our research company to undertake some additional analysis. As reported to the December Board meeting, the survey has now been updated and [incorporated into the initial report](#). The additions are:
 - a. Age group by gender for each register (page 19);
 - b. Ethnic group by age (page 28);
 - c. Ethnic group by age for each register (page 29);
 - d. School type by age group and ethnicity (page 45);
 - e. School type by age group for each register (page 46);
 - f. School type by ethnicity for each register (page 47);
 - g. Attending university by age group and ethnicity (page 50).
13. The Board is invited to consider this additional analysis and discuss whether IPReg should take any additional steps as a result of the findings.

Waivers

14. On 18 December 2024, a PII Sandbox application was [granted](#) to sole trader patent attorney Charles Jeffries. Mr Jeffries' PII Policy with RMS Risk Management Services Ltd is the same European Patent Institute (epi) policy specifically adapted for the UK market which the Board considered at its meeting in September 2024. Mr Jeffries was able to demonstrate that this policy adequately addressed the risks arising from his particular practice with no impact on consumer protection when compared with a MTC-compliant policy of PII.
15. One application from a patent attorney for a waiver of the requirement to obtain the IP Litigation Certificate (IPLC), was refused on 17 December 2024. The applicant sought a waiver from this requirement on the basis that he was undertaking a qualification in another country which he submitted was similar to the basic litigation skills course which confers the IPLC. When the syllabus of the course was compared with the IPLC learning outcomes set out in Schedule 1 of the [Rights to Conduct Litigation etc Certification Rules 2012](#), it was determined that there were significant gaps such that it was not appropriate to grant the waiver application. The applicant has subsequently provided evidence that he has booked onto the next available basic litigation skills course.

16. Since the opening of fee collection for the 2025 practice, there have been two applications for practice fee waivers, and both applications have been granted. Four applications were made for the 2024 practice year, of which two were granted.
17. Three applications for a waiver from continuing competence requirements have been made so far in relation to the 2024 practice year. All applications were granted on the basis of significant absences from active practice due to ill health, parental leave or redundancy.

Technology, innovation and artificial intelligence

18. As reported in December, it is likely that CITMA will arrange a discussion on the use of technology early in the New Year.

Cyber

19. Nothing to report for this meeting.

Horizon scanning and research

20. The External Market Update report is at **Annex C**.

Contracts and other expenditure (commercially confidential information about contracts will be redacted)

21. As agreed at the December Board meeting, I have entered into a contract with Gatenby Sanderson for £[REDACTED] + VAT + advertising to recruit a new Chair.

Other matters

Legal Services Consumer Panel (LSCP)

22. Nothing specific for this meeting.

Press reports and other published information

23. Nothing to report for this meeting.

CEO report January 2025 – Annex A – update on 2024/25 business plan

Changes are shown in blue highlights

NB – the next report (March 2025) will cover the 2025/26 business plan

Education			
Policy area	What we said we'd do	Timescale	Progress/plans to date
Overall risk rating = red			
Barriers to entry	It is likely that this project will start formally with a Call for Evidence	Q1 or Q2 of 2024.	Head of Education Review started on 10 September Detailed project scope considered by EWG on 16 October. Agreed by November 2024 Board. Detailed PID to be considered at January 2025 Board meeting. External independent assessors have started work on the PEB's FC and FD exams re-accreditation.
Barriers to entry	Review the Competency Framework - patent	As part of barriers to entry project	See above
Barriers to entry	Review the Competency Framework – trade mark	Links to work on patent competency framework. Need to ensure consistency where appropriate and also reflect the requirements of the new Core Regulatory Framework	See above
Accreditation recommendations	Working with providers to ensure that accreditation recommendations are taken forward	As necessary in 2024/25	PEB – meeting took place on 26 June to discuss approach to

			<p>implementation of some recommendations. Update on progress considered by EWG on 16 October. Report to November 2024 Board.</p> <p>External independent assessors have started work on the PEB's FC and FD exams re-accreditation.</p>
New providers	Working with providers to ensure that online delivery of courses and examinations meets the required standards	During 2024/25	Discussions were held with one potential entrant in 2023, no further progress to date
New qualification pathways	Working with stakeholders and potential providers to encourage new qualification pathway options	During 2024/25	<p>Likely to be included in barriers work.</p> <p>Apprenticeships – further meeting of stakeholders held on 25 September. Report to November Board.</p> <p>Meeting held on 25 November. Report to December Board.</p> <p>Draft application submitted to IfATE on 15 January.</p>
Reaccreditation	We will continue to undertake reaccreditation assessments (typically every 5 years) of qualification providers	During 2024/25	Following discussion in May we have developed specifications for the assessors who will evaluate the PEB foundation exams and held discussions with Hook Tangaza – see above.

			Reaccreditation of Brunel University due Q1 2025. New assessors being sought.
Impact of EQE changes	Consider the outcomes of the European Qualifying Examinations Modernisation Discussions and Proposals and the extent to which any changes impact on our qualification requirements (e.g. in relation to exemptions).	During 2024/25	EPO approved changes on 20 December 2023. Will be introduced in 2025. Discussion with Julia Gwilt on 28 August. Approach considered by EWG on 16 October. Report to November Board
Review Accreditation Handbook	Start a review of the Accreditation Handbook	During 2024/25	Not yet commenced. Links to apprenticeship work and development of what skills, knowledge and behaviours an apprentice needs.

Thematic Reviews			
Policy area	What we said we'd do	Timescale	Progress/plans to date
Overall risk rating = green			
Continuing competence	Conduct random sampling of attorneys' records or other material to assess how well the new requirements have been embedded and identify any barriers to compliance with them.	Q1 or Q2 2024 conduct review July 2024 – report to Board on the findings and lessons learned. [NB May Board meeting agreed that this should be considered in September]	Results were considered by the September 2024 Board meeting. Final report published in October 2024.
Transparency	Develop our approach and conduct the review	Q2 2024 develop our approach Q3 2024 conduct the review	CEO has approached organisations who have had experience with this type of work.

		Q4 2024 or Q1 2025 report on findings	<p>Two out of four organisations responded. Recommendation to be made to November Board meeting.</p> <p>Initial workshop held with Frontier Economics on 27 November to agree approach and timelines. Weekly meetings diarised.</p> <p>Online survey will start w/c 20 January</p>
Pll Sandbox	We will monitor closely how the sandbox is working throughout 2024 and report on it in the Annual Report for 2024. A wider thematic review is likely to be conducted in 2025 once the sandbox has been operational for at least 18 months, depending on the nature and extent of applicants and entrants.	2025 – but depends on nature and extent of entrants	

Building our evidence base			
Policy area	What we said we'd do	Timescale	Progress/plans to date
Overall risk rating = green			
Data and evidence gathering	In addition to the data and evidence gathering work that we plan to undertake for the thematic reviews on continuing	Ongoing with support from external adviser	Ongoing

	competence and transparency, we will continue to gather data and evidence about the nature of the IP legal sector.		
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Website redevelopment			
Policy area	What we said we'd do	Timescale	Progress/plans to date
Overall risk rating = green			
Redevelop website	Move from Drupal 7 to Drupal 10 and associated changes	2024	No further update since July 2024 meeting. Status has been changed to green

Diversity			
Policy area	What we said we'd do	Timescale	Progress/plans to date
Overall risk rating = amber – changed to amber from green in October 2024			
Stakeholder engagement	Develop our approach to data gathering/research with other stakeholders in the IP sector	2024	No further update since May Board meeting
Diversity survey	We will conduct a diversity survey	2024	Report to September 2024 Board meeting
Diversity Action Plan	Review the plan every 6 months ¹	Next review due in July 2024	Board agenda item at September 2024 meeting

¹ Note that this was not in the Business Plan but was agreed by the Board in January 2024.

IPReg Board Meeting Actions Log - New and Outstanding Actions

Item 11 January 2025 Board meeting

Date of Meeting in which action arose	Agenda Item	Action	Responsibility	Status	Notes/Update
December 2024 Board Meeting					
Dec-24	IT system and fee collection update	CFO to pursue applications to payment providers	KD		
Dec-24	IT system and fee collection update	CEO and Head of Registration to keep situation under review	FG/SE	Ongoing	
Dec-24	Education	Head of Education Review to publish statement	SG	Ongoing	To be progressed when the education review page is created on the IPReg website
Dec-24	Governance Action Plan – Review of Outstanding Matters	CEO to incorporate changes to the six-month review and strategy day	FG	Open	
Dec-24	CEO's Report	CEO to re-draft the strategic objectives for the January 2025 Board meeting	FG	Closed	Included in CEO's report for January 2025
Dec-24	CEO's Report	CEO to investigate obtaining Cyber Essentials and report to the March Board meeting	FG	Open	
November 2024 Board Meeting					
Nov-24	Feedback from Strategy Morning	CEO to take forward changes to Board meeting structure and papers	FG	Ongoing	Training arranged for 22 January 2025

IPReg Board Meeting Actions Log - New and Outstanding Actions

Nov-24	Feedback from Strategy Morning	CEO to consider resourcing issues	FG	Ongoing	
Nov-24	IT System Update	CEO to expand cyber awareness phishing exercise to include Board members	FG	Ongoing	
Nov-24	Full Risk Register	CEO to reconsider this risk once the review of resources had been completed	FG	Open	
May 2024 Board Meeting					
May-24	CEO's Report – Decisions	CEO to write to the LSB on LSA s167	FG	Open	Issue was raised again at the relationship management meeting on 6 September. LSB agreed to reconsider the matter
January 2024 Board Meeting					
Jan-24	CEO's Report – New regulatory objective	CEO to consider how to conduct a sectoral risk assessment with external support	BN	Ongoing	Training on ECCTA held on 11 September. BN leading on this