

## **The Patent Regulation Board and the Trade Mark Regulation Board**

### **Agenda**

**Thursday 7 September 2023 at 1.00 pm**

Gatehouse Chambers

1. Apologies
2. Notification of any conflicts of interest

#### **Items for decision/discussion**

3. Minutes of July meeting and matters arising
4. Board members' fees (FG/KD)
5. 2024 Business plan and practising fees (FG/KD)
6. PII Sandbox (FG/SE)
7. IT upgrade (FG/SE) – no paper
8. Complaints update (SE)
9. Governance Action Plan implementation (FG)
10. Implementation of new Regulatory Arrangements – progress update (FG/SE) – no paper
11. CEO's report (FG)

#### **Items to note**

12. Action Log (FG)
13. Red Risks (FG)

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#### **14. Regulatory Statement**

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

## Board Meeting September 2023

### Board fees

#### Agenda Item: 4

**Author:** Karen Duxbury ([karen.duxbury@ipreg.org.uk](mailto:karen.duxbury@ipreg.org.uk)) and Fran Gillon ([Fran.gillon@ipreg.org.uk](mailto:Fran.gillon@ipreg.org.uk))

**This paper is for decision.**

**Annex A will not be published (confidential information).**

### Summary

1. This paper considers increases to Board fees and whether a policy for fee increases should be adopted.

### Recommendation(s)

2. The Board agrees to:
  - a. Adopt a policy whereby Board members' fees are increased automatically in January each year by the equivalent of the most recently published figure for CPI. The policy will become effective from 1 January 2024.

### Risks and mitigations

	Risk	Mitigation
<b>Financial</b>	There are no specific financial risks. The impact on the budget is set out at paragraph 8 of this paper.	N/A
<b>Legal</b>	████████████████████	██
<b>Reputational</b>	The daily rate for board members is also used for disciplinary case examiners and panel members' fees. If fees are set at a low-level this may lead to some candidates being deterred from applying.	<p>This has not presented an issue to date with very good candidates coming forward for Board and disciplinary panel recruitment. A consistent year on year increase recognises inflation.</p> <p>The increase will bring fees closer to those of other organisations. However, there is no evidence that IPReg cannot attract high quality candidates for Board and disciplinary panel positions.</p> <p>The adoption of a policy will ensure that increases are made in accordance with the</p>

		guidelines removing the need for the Board to determine the appropriate level each year.
<b>Resources</b>	None	N/A

## Background

3. Board members' contracts provide that all payments set out in the contract are fixed for the term of the contract unless the Board agrees otherwise. Until 2020, the Board's custom and practice was that fees would be adjusted annually on 1 January by RPI (see [link](#)). This was consistent with the discretionary practice to increase staff salaries annually by RPI.
4. The level of Board fees' per day is the same rate that is paid to case examiners and members of the disciplinary panel.
5. In 2021, taking into account the impact of the pandemic, the Board decided to not increase their fees and the fees have since remained at the 2020 level.
6. The July 2023 Board meeting considered a paper on the 2024 business plan and budget. The paper included a confidential QCG survey (**Annex A**) which showed that IPReg Board members' fees are below the bottom of the range of other regulatory organisations and that Chair's fees is within the (very broad) range of those organisations. The board paper recommended an increase of 8.7% (the CPI increase in May 2023) to the Board and Chair fees; this would have been the first increase since 2020. The Board decided not to accept the recommended increase and asked the Executive to prepare a paper for this meeting.
7. Our practice now is to use CPI as the reference/index rather than RPI.

## Discussion

8. In terms of possible fee increases to Board (including Chair) remuneration, some options are set out overleaf and the impact on the 2024 budget is also shown.
  - a. These figures are the base remuneration, no extra fees (e.g. for attendance at working groups) are included.
  - b. The figures are usually rounded up for budget presentation.
  - c. These figures are illustrative – if the proposal is adopted, the actual amount will be based on the December 2023 CPI figure. We will adjust the 2024 Budget and update the Practising Fee application to include a 5% increase in line with the budgeted increase for staff salaries .

	% increase			
	0%	5% **	CPI June 2023 = 7.9%	CPI June 2023 + 2% = 9.9%
Chair Remuneration	35,740	37,527	38,563	39,278
Board Remuneration ( x 8)	31,360	32,928	33,837	34,465
Total Remuneration	67,100	70,455	72,400	73,743
Employer's NI *	3,718	5,179	4,108	4,206
TOTAL	70,818	75,634	76,508	77,949
Shown in budget as	70,850	75,650	76,550	78,000
<b>Impact on Budget</b>		<b>4,800</b>	<b>5,700</b>	<b>7,150</b>

\*Employer's NI is only payable on earnings over £9,100 so this relates to the Chair's remuneration.

\*\*Budgeted increase for staff salaries in 2024 Budget.

9. By way of comparison, if Board and Chair's remuneration had been increased by the same % as staff salaries in each year since 2020, the current and 2024 budget level would be:

	2023 fees (if increases had been applied year on year)	2024 Budget (5% increase)
Chair Remuneration	41,632	43,714
Board Remuneration ( x 8)	36,530	38,357

10. Although it is not possible to predict the cost of any increase on complaint examiners' fees and fees for members of the disciplinary panel (because we do not know how many complaints will be referred to them) the total paid for CRC sittings and JDP hearings in 2021 and 2022 was £5,312 and fees to date for 2023 is £2,548.
11. A clear policy which applies from 1 January each year will mean that the Board does not have to consider its own remuneration each year when it decides whether to increase staff salaries.
12. The increase would be applied to both Chair and Board remuneration which will in turn be applied to case examiners and panel members' fees. This makes the policy very transparent and non-discriminatory.
13. IPReg will publish the Board fee policy and any increases will be noted in the financial section of the Annual Report to ensure transparency.

## **Next steps**

14. Any increase will be paid from 1 January 2024.

## **Supporting information**

### **Links to strategy and business plan**

15. Board remuneration is included in the budget. As noted in paragraph 8(c) the Budget will be updated to include a provision for an increase.

### **Supporting the regulatory objectives and best regulatory practice**

16. Not directly applicable.

### **Impacts**

17. There is no impact on any specific group of registrants. There is no impact on the proposed level of practising fees for 2024 – any increase can be accommodated within the proposed budget. However, if inflation were to be significantly higher than its current levels it would be open to the Board to reconsider this matter in future.

### **Communication and engagement**

18. We will publish the policy on the website. Board members' remuneration is included in the Annual Report.

### **Equality and diversity**

19. Maintaining appropriate levels of Board fees will help to ensure that we can attract a diverse range of candidates for Board positions.

### **Evidence/data and assumptions**

20. Please see the confidential Annex to this paper.

## Board Meeting 7 September 2023

### 2024 practising fee application to the LSB

#### Agenda Item: 5

**Author:** Fran Gillon, CEO ([fran.gillon@ipreg.org.uk](mailto:fran.gillon@ipreg.org.uk) 020 7632 7174) and Karen Duxbury ([karen.duxbury@ipreg.org.uk](mailto:karen.duxbury@ipreg.org.uk)) and

*This paper will be published without the Annexes which are drafts. The final application to the LSB will be published on its website.*

#### Summary

1. The consultation on the Business Plan, Budget and practising fees for 2024 closed on 21 August 2023. Analysis of the consultation responses is included in the application and is at **Annex A** to this paper for ease of reference. IPReg is required to make an application to the LSB under section 51 of the Legal Services Act 2007 for the approval of practising fees. The draft 2024 Practising Fee application including annexes is attached (**Annex B**). The draft uses the LSB application template and addresses all the requirements for the LSB's consideration of the level of the 2024 practising fees.

#### Discussion

2. Although there was general support for the proposed workstreams in the business plan (with some concerns about the cost and rationale for the work on barriers to the patent attorney profession) we received mixed views from respondents on the level of the proposed fee increase:
  - a. Of the eight registrant respondents who commented that they did not support the increase, one is not in active practice, four are working in-house, two are sole traders and one is a single attorney firm. Comments included: the likely reaction of their employer; the relevance of the proposed work on barriers to the patent profession; that lower increases would be more acceptable and could be achieved by extending the timescale for planned activities; and the impact on sole traders;
  - b. Of the six registrants who commented that they supported an 8% increase, two are single attorney firms, two are in-house, one is a sole trader and one is in private practice. One in-house patent attorney said that they would support raising fees by more than 8% to support the work on developing alternative routes for patent attorney qualification and "to better regulate the PEB" as well as investing more on the website;
  - c. CITMA said that its overall position is, as in previous years, to hope that fees will be reduced over time. However, it recognises that the current economic climate and inflationary cost increases cannot simply be absorbed or ignored and therefore considers the proposed increase to be a "reasonable approach";
  - d. CIPA stated that IPReg should make a public commitment to reduce the cost of regulation and should set out how this will be achieved. It referred to a previous comment from the LSB that IPReg should be able to bring down the level of fees to reflect any reductions in costs and efficiency savings once priority projects identified in 2019 had been completed. CIPA also said

that the timing of the consultation over the summer period was disappointing. It accepted that IPReg was under pressure because of the LSB's timing for considering budget submissions but IPReg should therefore start its budget setting process earlier to enable more time for consultation;

- e. IP Inclusive did not comment on the proposed increase but emphasised the importance of the fee waiver for cases of hardship;
  - f. The IP Federation commented that any increase in fees is difficult and all their members were looking at their costs. However, it realised that IPReg's costs had also increased and that funding was necessary to realise our proposed initiatives. The IP Federation confirmed that it had not had any strong response from their members on the proposed increase. It also commented that it considered work on EDI to be extremely important and was happy for fees to be spent on that area of work.
3. Taking all these comments into account, together with the broad support for our planned programme of work and the impact of inflation on our costs, we consider that an increase of 8% remains appropriate in order to finance all the activities set out in the Business Plan. However, if the Board agrees, we will make the following changes to the Business Plan and Budget:

#### Business Plan

- a. We have added a workstream to consider the use of Artificial Intelligence in the regulated IP sector. This is an area with significant and increasing interest in legal services and more widely, particularly in the context of the Government's recent [White Paper](#) (see also CEO's report). This work will be funded from reserves;
- b. We consider that it would be appropriate to conduct a diversity survey in order to provide up to date information to support the work on education and have added this to the Business Plan.

#### 2024 Budget

- c. Keeping fees for attorneys in the not in active practice fee paying category at the 2023 level i.e. £171 for attorneys on a single register and £273 for attorneys on both registers compared to the proposed fees of £185 and £295 respectively. The impact on budgeted income is approximately £1,550. This may have some EDI benefits, for example supporting people who are on long term sick leave or maternity leave;
- d. An adjustment of a further £1,700 has been made to the Legal Services Board (LSB) levy. At the time of preparing the consultation, IPReg had not received the indicative levy for 2023/2024 from the LSB and the budget was prepared using a 9.1% increase (the same increase as in the LSB Budget for 2023/2024). The indicative levy now provided is based on the same percentage of authorised persons across all Approved Regulators that we had in 2022/2023 (1.7%) but the indicative levy has an increase of 10.34% to the 2022/2023 levy. The levy calculation has been recalculated using the indicative levy with a similar increase for 2024/2025 and pro-rated to estimate the budget figure;

- e. The budget has been increased by £10,000 to finance a diversity survey;
- f. We will change the Directors' remuneration and Employer's NI depending on the outcome of the discussion on Directors' fees (Item 4 on the agenda).

Budgeted expenditure has increased and the operating surplus is now reduced by £13,250 to £12,361.

The equality impact assessment has been updated.

4. The consultation also proposed:

- a. The introduction of an application fee for registered bodies to be admitted to the register so that they pay the same as licensed bodies from 1 January 2024;
- b. The abolition of the fee waiver period (1 November – 23 December)<sup>1</sup> for applications from individuals and entities to be admitted to the registers, effective November 2024.

These were broadly supported by respondents and we have included them in the application to the LSB as an Annex for information as our view is that they do not require a rule change application to the LSB.

- 5. The removal of the fee waiver period for applications will require a change to the CRM webforms. The estimated time and cost to implement this is 1.5 days approximately £1,124 plus VAT = £1,348.80.
- 6. The Board will note in the draft Practising Fee application (Annex B) a reference to the variance of £6,715 between budget and projected for General Administration Expenses for 2023 (paragraph 21); of which some arises from depreciation. The 2023 budget included increased depreciation costs in respect of IT equipment for new staff following the proposed restructure and the replacement of fully depreciated IT equipment, of which the latter has not been implemented. At the end of 2023, there will be 5 x surface pros/laptops that are fully depreciated and the 2024 budget includes the depreciation costs for the new equipment estimated at a cost of £6,000.

### Recommendation(s)

- 7. The Board is asked to agree that we should:
  - a. Proceed with the application to the LSB to increase fees by 8% to finance the activities set out in the Business Plan;
  - b. Submit a draft application to the LSB, subject to any changes discussed at this meeting including amendments to the 2024/25 Business Plan;
  - c. Delegate authority for finalising the formal application to the Chair and CEO.

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<sup>1</sup> The IPReg office shuts between Christmas and New Year and there are no admissions during that period.



## Risks and mitigations

<b>Financial</b>	Risk	If the LSB does not approve or delays the approval of the application, IPReg will be required to either resubmit an application or delay the collection of the fees for 2023. A reduction in the anticipated level of fees will mean that the budgeted operating deficit to be financed through Reserves will be higher or certain elements of the Business Plan will have to be postponed. Note: A delay in the collection of fees can be financed through the General Contingency Reserve.
	Mitigation	The submission of a draft application will enable the LSB to identify and communicate to IPReg any concerns which can then be addressed in the formal application.
<b>Legal</b>		<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
<b>Reputational</b>	Risk	It will be reputationally damaging to IPReg if the application is refused or has to be resubmitted.
	Mitigation	The application articulates the reasoning behind our actions, proposals and decisions. We will submit a draft application.
<b>Resources</b>	Risk	The draft application has been prepared by the Finance Officer and Chief Executive and has utilised approximately 3 days and 5 days respectively. If the LSB review requires significant changes to the application this will take additional resources. Responding to LSB queries once the formal application is submitted will also take additional resources.
	Mitigation	The submission of the draft application may help to ensure that the formal application is easier to finalise and enable a more simplified approvals process by the LSB.

<sup>2</sup> LSA s51(5)

<sup>3</sup> General Exemption 181: <https://legalservicesboard.org.uk/wp-content/uploads/2022/04/ED181-General-Exemption-minor-alterations.pdf>

## Background

8. The LSB provides [Guidance](#) to the application process and a proforma application to ensure that consistency from all regulators.
9. The approval process includes the provision for a draft application to be submitted for comment by the LSB. This will highlight the areas of concern that the LSB has, allowing for these to be addressed in the formal application, which may make the approval of the formal application a more simplified process within the statutory timeframe.

## Next steps

10. The draft application with annexes will be submitted to the LSB for comment.

## Supporting information

### Links to strategy and business plan

11. Included in application.

### Supporting the regulatory objectives and best regulatory practice

12. Included in application.

### Impacts

13. Included in application.

### Communication and engagement

14. Included in application.

### Equality and diversity

15. Included in application.

### Evidence and data

16. Included in application.

## Board Meeting 7 September 2023

### PII sandbox application

#### Agenda Item: 6

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#### This paper is for decision.

*Annex A, Annex B and Annex C to this Board paper will not be published – commercially confidential information.*

#### Summary

1. IPReg has received a formal application from a licensed body to waive IPReg’s PII requirements for [MTC compliant insurance](#) and enter the PII sandbox. This paper sets out the application at a high level, with confidential information attached at Annex A which will not be published. If the application is successful, the firm’s entry on the public facing register will be annotated to reflect that the waiver is in place and the name of the firm will be published as part of this paper.

#### Recommendation(s)

2. The Board agrees:
  - a. To approve the application to waive the standard PII requirements in relation to the applicant firm and permit entry to the PII sandbox with no expiry date;
  - b. To require the applicant firm to report to IPReg, for the duration of the waiver period:
    - i. Any claims and the cause of those claims when they occur;
    - ii. Whether the claims will be covered under the PII policy;
    - iii. The outcome of the claim once settled;
    - iv. Any anticipated claims and the cause of those anticipated claims;
    - v. Whether the anticipated claim will be covered under the PII policy if it materialises;
    - vi. Any material changes to the stated risk assessment.

#### Risks and mitigations

	Risk	Mitigation
<b>Financial</b>	No direct financial risk to IPReg	N/A
<b>Legal</b>		
<b>Reputational</b>	IPReg may face criticism for waiving the requirement to have MTC-compliant PII in the event that the proposed policy fails to protect consumers in the event of a claim.	The application has been assessed by the Head of Registration, the Chief Executive and the former interim authorisation officer, with frequent dialogue with the applicant firm. The proposed policy provider is an SRA participating insurer and has an A+ credit

	<p>The Board agreed at its January 2023 strategy day that it would be appropriate to have a bolder risk appetite in order to support its desire to encourage innovation in the provision of IP legal services. The LSB has been particularly supportive of, and is interested in, the sandbox which it considers to be innovative. An overly risk-averse approach to waiving the MTC requirements could damage IPReg's credibility as a regulator that wants to encourage innovation.</p>	<p>rating; this provides a large degree of confidence in the PII policy and the insurer.</p> <p>Ensure that applications are assessed in accordance with the published <a href="#">Guidance</a> (which the LSB has seen as part of the rule change application for our new regulatory arrangements).</p>
<p><b>Resources</b></p>	<p>The application has been processed and assessed internally with the consequent use of internal resources. No external costs have been incurred. There will be a cost to the ongoing monitoring of the sandbox and the reporting commitments made by IPReg.</p>	<p>Any internal cost should be considered in the context of the PII sandbox being a new initiative designed to encourage innovation and competition for the benefit of consumers and the public.</p>

## Background

3. The applicant firm is a licensed patent and trade mark attorney firm, first registered more than five years ago. There is no history of regulatory concerns in relation to the firm, or any of the regulated persons practising within it. The firm has reported no first tier complaints in the last five years.
4. The applicant firm applies for a waiver of the requirement to have IPReg Minimum Terms and Conditions (“MTC”)-compliant professional indemnity insurance (“PII”). The firm has in place a first layer of insurance with an IPReg participating insurer. It also has in place a second layer PII policy from an insurance provider who is not one of IPReg’s participating insurers. However, that PII product is provided by an insurer on the [SRA’s list of participating insurers](#). The applicant firm applies to join IPReg’s PII sandbox on the basis of the current second layer PII policy.
5. As part of its application, the firm has submitted the information required at paragraph 9 of the IPReg [PII sandbox guidance](#) (“the Guidance”) and a copy of the current second layer PII policy.
6. **Annex A** contains additional analysis of the application with reference to commercially confidential information which will not be published.

7. **Annex B** contains a summary comparison of IPReg’s MTCs and the applicant firm’s second layer PII policy. This is commercially confidential information and will not be published.
8. **Annex C** is a copy of the current second layer policy. This will not be published.

### Options

9. Approve the application with the reporting conditions set out above and no expiry date (recommended).
10. Approve the application with the reporting conditions but on a time-limited basis.
11. Refuse the application with reasons.

### Discussion

12. The criteria set out in paragraph 9 of the Guidance, together with the applicant firm’s response or assessment, is set out full in Annex A. As this contains sensitive, commercial information, the response and assessment are set out in summary form below.

9.a Why it is advantageous for the applicant firm to obtain alternative PII cover	<ul style="list-style-type: none"> <li>• The limits of the primary and excess layers offered by the alternative product are significantly higher than that offered by the IPReg participating insurer</li> <li>• The cost of the IPReg participating insurer policy is significant, particularly in the context of the lower level of protection offered</li> </ul>
9.b Nature of the applicant firm’s client base	<ul style="list-style-type: none"> <li>• Clients come from a typically diverse range of industries, ranging in size from large public firms to mid-sized companies</li> </ul>
9.c Assessment of risks involved in the services the applicant firm provides, and how these are adequately covered by the alternative PII policy or otherwise mitigated	<ul style="list-style-type: none"> <li>• The alternative PII policy provides a greater level of cover in monetary terms than that of the IPReg participating insurer</li> <li>• The most significant part of the applicant firm’s work relates to managing IP portfolios for clients so the primary risk relates to mismanagement of matters, missing deadlines etc. The applicant firm uses a multilayer docketing system to avoid issues</li> <li>• The applicant firm has recently updated its cyber-security policies and plans and has implemented a new enhanced security measure</li> <li>• The applicant firm typically does not hold client money</li> <li>• The applicant firm has never had a claim made against its PII policy</li> <li>• Run off cover is included in the alternative PII policy</li> </ul>
9.d The level of cover the alternative policy will provide and why	<ul style="list-style-type: none"> <li>• The level of cover is far in excess of the level of cover offered by the IPReg participating insurer’s policy in monetary terms</li> </ul>

<p>this is considered appropriate</p>	<ul style="list-style-type: none"> <li>To the extent that there are differences between the MTCs and the proposed PII policy, these are not significant issues with a direct impact on clients or their money</li> </ul>
<p>9.e The information the applicant firm proposes to give to its client about its alternative PII arrangements</p>	<ul style="list-style-type: none"> <li>The applicant firm intends to advise clients that it is fully insured and although the PII policy in place is not a standard policy in terms of IPReg’s minimum terms and conditions, it has been assessed as broadly equivalent and acceptable. The applicant firm will provide to the client in writing, a document setting out the differences between its policy and that which meets IPReg’s MTCs</li> </ul>

13. The applicant firm has undertaken a comparison of the MTC requirements against the proposed PII policy. There are two material differences between the two which are discussed further in Annex A. These relate to requirements for the insurance provider to indemnify or reimburse the insured in respect of specific matters or losses. The proposed PII policy does not offer less direct client protection but rather does not cover certain costs which may be associated with some claims; these costs would need to be borne by the applicant firm.

14. It is recommended that the Board does not impose a time limit on the sandbox to give the applicant firm certainty in planning its commercial and strategic activities. Should a significant number of claims arise, IPReg would address these with the applicant firm to determine whether there is any relevance to the fact that the PII policy is not MTC-compliant and to ascertain any ongoing risk to clients.

### Next steps

15. If the Board approves the application, the firm’s entry on the online register will reflect that a PII waiver is in place so that potential clients are alerted to this fact. The applicant firm has also supplied its proposed wording to make this clear to clients and prospective clients.

16. IPReg will keep this application and any other approved application under review as part of its ongoing monitoring process, with a view to publishing an analysis including lessons learned in due course.

### Supporting information

#### Links to strategy and business plan

17. Innovation: The PII sandbox is an innovative initiative to deal with the sector-wide issues around the lack of choice of professional indemnity insurance provider, and the associated costs. One of the aims of the PII sandbox is to facilitate innovation and competition in the provision of IP legal services. The applicant firm has indicated that the lower cost of the proposed PII policy compared to the IPReg participating insurer policy, will allow them to invest the difference into other areas of its practice.

**Supporting the regulatory objectives and best regulatory practice**

18. The application engages or may engage the following regulatory objectives: improving access to justice, protecting and promoting the interests of consumers, promoting competition in the provision of legal services and encouraging an independent, strong, diverse and effective legal profession.
19. By approving the application to waive the usual PII requirements, the applicant firm will be able to protect its clients at a reduced cost allowing the firm to invest in other areas of the firm's practice. Allowing the firm to comply with its regulatory and consumer protection obligations but to do so in a different way, gives the firm an opportunity to distinguish itself from competitors, driving competition and potentially ultimately, consumer choice.

**Impacts**

20. The PII sandbox is a new initiative, representing a departure from standard regulatory arrangements that are familiar to consumers of legal services. This is the first application to be fully considered under the new process so approval of the application may impact, or start the process of impacting, how IPReg and other legal regulators approach PII.
21. If the Board approves the application, IPReg will monitor the ongoing impact of non MTC-compliant PII policies on consumer confidence, risk to clients and also the impact on innovation and competition.

**Communication and engagement**

22. N/A

**Equality and diversity**

23. N/A

**Evidence/data and assumptions**

24. The applicant firm provided a comprehensive assessment of the differences between IPReg's MTCs and the proposed PII policy.
25. The policy provider is an SRA-participating insurer, which provides an additional level of confidence in the PII product and its provider.

## Board Meeting 7 September 2023

### Complaints Update

Agenda Item: 8

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

This paper is to note

### Summary

1. This paper stands as 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](#).

### Recommendation(s)

2. The Board agrees to note this paper.

### Risks and mitigations

	Risk	Mitigation
<b>Financial</b>	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.
<b>Legal</b>	[REDACTED]	[REDACTED]
<b>Reputational</b>	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.



<b>Resources</b>	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

3. 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.
4. The Board has indicated it would find different information helpful, focussing less on the individual complaint and more on general trends and timeliness.

## Discussion

5. The Board should note the information in this paper.

## Next steps

6. The Board should note the information in this paper.

## Supporting information

### Links to strategy and business plan

7. 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

8. 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.

- 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

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

## Communication and engagement

- 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

- There are no specific equality and diversity issues.

## Evidence/data and assumptions

### Cases by numbers

As at 31.8.23

- Total open cases 7
- Cases opened since last meeting 2
- Cases closed since last meeting 2
- Change (from last meeting) +1

Year to date (from 1 January 2023)

- Total cases received 8
- Total cases closed 7

### Legal Ombudsman

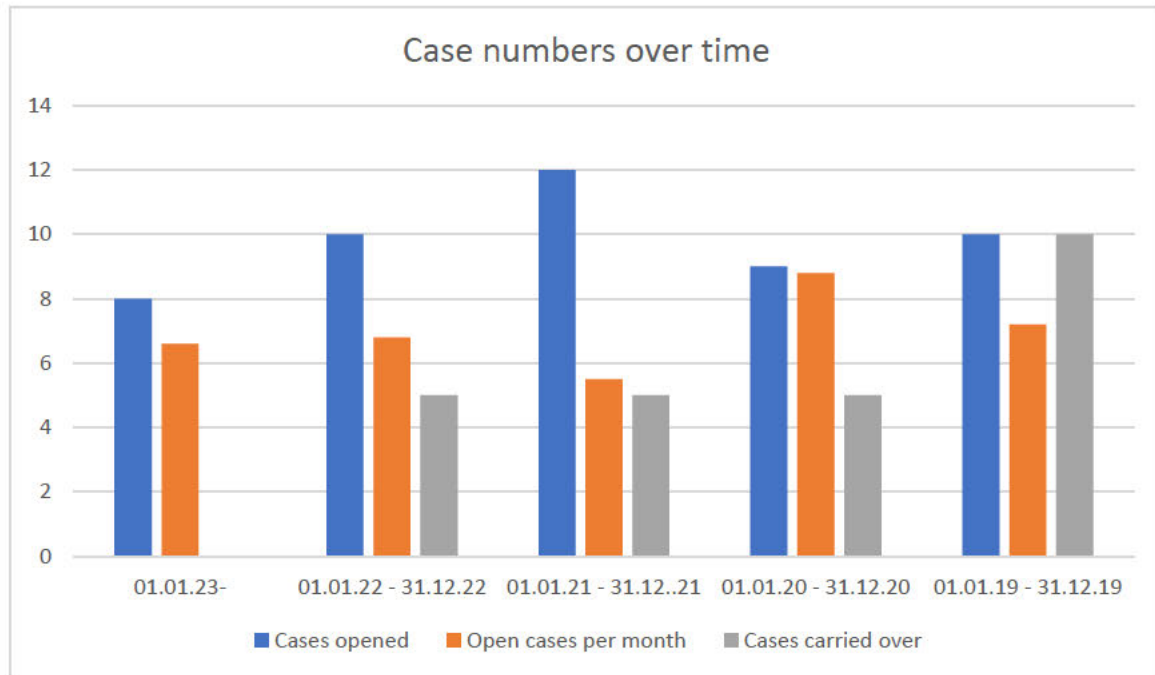
- Complaints received in last month 0
- Cases open 0

### Timeliness

- Oldest open case 150 weeks (2y 46w)

Newest open case 4 weeks  
 Mean 46.5 weeks  
 Median 35 weeks

## Analysis and trends (12 month periods)

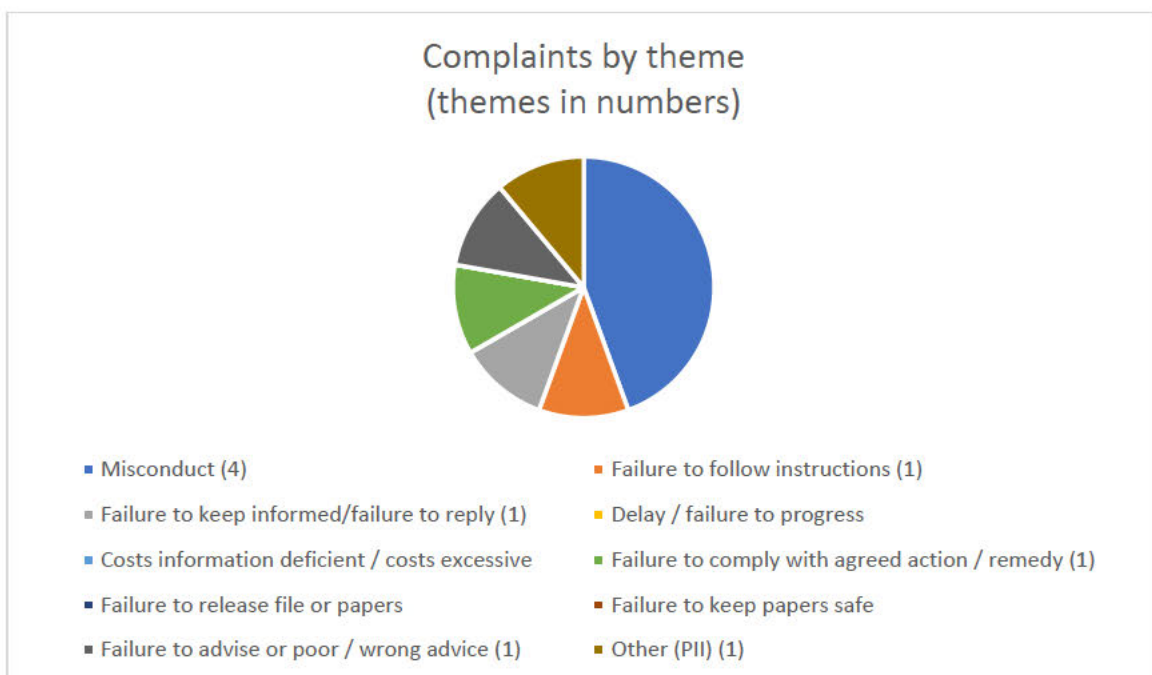


	01.01.23 - date	01.01.22 - 31.12.22	01.01.21 - 31.12.21	01.01.20 - 31.12.20	01.01.19 - 31.12.19 (4 cases carried over from previous period)
<b>New cases opened / received</b>	8	10	12	9	10
<b>Total open cases during period</b>	14	16	17	19	14
<b>Overall case numbers open</b>	5 - 9	6 - 9	3 - 8	5 - 12	5 - 9

<b>per month (range)</b>					
<b>Overall case numbers open per month (avg)</b>	6.6	6.8	5.5	8.8	7.2
<b>Cases carried over to next period</b>		5	5	5	10
<b>Cases closed/resolved within 12 weeks*</b>	57%	50%	50%	44%	10%
<b>Cases closed/resolved within 26 weeks*</b>	71%	60%	58%	50%	50%

\*Of cases closed this calendar year

## Open complaints by theme



Misconduct includes:

- Misappropriation of funds (2 cases)
- Unprofessional / inappropriate conduct with a third party (2 cases)

## Board Meeting 7 September 2023

### Governance and Transparency

Agenda Item: 9

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

This paper is for discussion.

### Summary

1. This paper updates the Board on progress in implementing the steps agreed in the Governance Action Plan. **Annex A** shows progress made to 31 August 2023. The first meeting of the Risk Working Group has been arranged for 1 September.<sup>1</sup> The review of our approach to risk was the main item outstanding from the previous action plan priorities. Going forward, updates from the Risk Working Group will be provided as separate items for Board meetings. A further meeting of the Governance Working Group has been arranged for 28 September.

### Recommendation(s)

2. The Board notes:
  - a. Progress implementing the Action Plan;
  - b. That each Working Group will be asked to review its terms of reference which will be considered by the Board in December.

### Risks and mitigations

	Risk	Mitigation
<b>Financial</b>	There is an ongoing cost for the external minute-taker.	
<b>Legal</b>	[REDACTED]	[REDACTED]
<b>Reputational</b>	Boards which make decisions ineffectively, or in ways that lack transparency, expose their organisations to reputational risk.	This work should assist IPReg with assurance that it is not exposing itself to such risks.
<b>Resources</b>	This work is an addition to the current year's work plans. The main resource	The need for external support may be sought if required.

<sup>1</sup> The Risk Working Group's terms of reference are to: develop the risk policy; develop a set of procedures for the Board to use to enhance its assessment of risk; and consider whether improvements could be made to the assessment of, and the approach to, risk.

	currently being expended on it is the CEO's time.	
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### Background

- At its July 2022 meeting, the Board adopted a Governance and Transparency Action Plan in response to the LSB's performance management framework assessment. This was published with the July Board papers.

### Discussion and options

- The first two elements of the Action Plan (covering the first 12 months) are largely complete in terms of immediate actions. Some actions are to be arranged later this year (e.g. Board member appraisals and Board-only reflective discussions).
- It was originally planned that this Board meeting would review the terms of reference for all the working groups. However, given that there will be a new Chair of the Education Working Group it seems more appropriate for that review to be conducted later in the year, probably December.

### Next steps

- The CEO will take forward the work from Risk Working Group.

### Supporting information

#### Links to strategy and business plan

- The changes to our approach to governance will support delivery of IPReg's strategic and business plans.

#### Supporting the regulatory objectives and best regulatory practice

- Good governance enables the Board to discharge its objectives effectively and transparently. Therefore any improvements to IPReg's governance should support the Board's ability to deliver the regulatory objectives in a manner which is open, transparent, and accountable.

#### Impacts

- There are no specific impacts on any type of registrant or consumer.

#### Communication and engagement

- We keep the LSB updated on progress at our regular relationship management meetings.

#### Equality and diversity

- There are no specific equality and diversity impacts.

#### Evidence/data and assumptions

- Nothing specific to this paper.

## Governance action plan

### Priority 3 – complete by mid-January 2024

1. Produce an annual Work Plan/Business Plan, setting out IPReg’s objectives and performance indicators for the year and introduce quarterly reports on this at Board Meetings.

*Rationale:* These actions are intended to enhance strategic planning and performance monitoring. These initiatives will enable the Board to improve its strategic plan and augment its scrutiny of organisational performance. It will also support the Board in holding the executive to account. This action should support the delivery of LSB Well Led 1.

*Suggested approaches:* It is suggested that this work is timetabled to align with the current strategic planning cycle. So, the timeline for this needs to take account of the LSB publication of its decision on the regulatory performance framework Standards and Characteristics in Autumn 2022. Substantive thinking would need to take place in November 2022 when IPReg Board considers its strategic objectives in the light of this. Then in July 2023 we would consult on 2024/25 business plan taking account of these discussions. It is important that these plans incorporate Key Performance Indicators which enable the Board to monitor and scrutinise performance. In setting these will be a need to take account of whether the LSB dispenses with the requirement for the performance management database. Such reviews should be underpinned by a reflective approach, with the Board learning from past actions and achievements. Ongoing horizon scanning should be built into this strategic planning process.

#### Action taken

Date	Action taken
July 2023	<u>Consultation on 2024 business plan, budget and practising fees.</u>
Next step	<u>Consideration of responses at September 2023 Board meeting. This will enable us to finalise the business plan. Board papers include a section on how the work meets the strategic objectives and the business plan.</u>  <u>Development of performance indicators will develop from consideration of risk by the Risk Working Group; the first meeting of this Group has been arranged for 1 September. In the meantime we will continue to monitor the matters included in the Performance Management Dataset.</u>

2. Put in place a process of independent triennial external Board evaluation and set out procedures for this in writing in the Governance Handbook.

*Rationale:* This action is intended to support and develop the Board. External evaluation will help the Board pinpoint good practice and identify areas for improvement. As an ongoing process, it

will help the Board to maintain its effectiveness and hone its ability to hold the executive to account.

*Suggested approaches:* It is suggested that independent external Board evaluation takes place every three years, supported by internal annual Board evaluation annually in-between. The process for the latter can be developed in partnership with external evaluators. These evaluations should help ascertain the effectiveness of the Board’s meetings, decision-making and ability to hold the executive to account, on an ongoing basis. It is suggested that such evaluations include a reflection on, and review of, the quality and timeliness of the information provided to the Board by the executive. Board events without the executive present for the purpose of reflecting on the Board’s own effectiveness and/or support systems may form part of this process.

It is also suggested that IPReg produces an action plan setting out any developments agreed as a result of these Evaluations. This may be reported on in the Annual Report. There are budget implications for this area.

Action taken

Date	Action taken
<u>August 2023</u>	<u>Process for external evaluation has been included in the Governance Handbook.</u>
Next step	

3. Set out IPReg’s policy for the recruitment and reappointment of Board members in writing in the Governance Handbook.

*Rationale:* This action is intended to enhance organisational transparency. It should support the delivery of LSB Well Led 3.

*Suggested approaches:* It is suggested that this work is undertaken in parallel with the production of the Governance handbook.

Action taken

Date	Action taken
<u>August 2023</u>	<u>Policy for recruitment and reappointment of Board members including the Chair has been agreed by the Chair and will be set out in the final Governance Handbook.</u>
Next step	




4. Produce a separate written procedure for Handling Complaints or Concerns about Members of the Board.

*Rationale:* This action is intended to enhance organisational transparency. It should support the delivery of LSB Well Led 3.

*Suggested approaches:* It is suggested that this work is undertaken in parallel with the production of the Governance handbook.

Action taken

Date	Action taken
Next step	

5. Consolidate all governance policies and procedures into a single Governance Handbook and publish this on the website.

*Rationale:* This action is intended to enhance organisational transparency. A Governance Handbook will help ensure IPReg governance policies and procedures are clear and transparent for all stakeholders. This action should support the delivery of LSB Well Led 3.

*Suggested approaches:* It is recommended that all governance documents are collated in a single Governance Handbook, published on the website. It is suggested that that this should include: the Delegation Agreement, Board Rules of Procedure, Sub-Committee and Working Group Terms of Reference, and Codes of Conduct. It is suggested that the handbook (i.e., governance policies and procedures) is reviewed every three years. This could be aligned with triennial Board evaluation. It is suggested that this work begins as early as is feasible. It is currently proposed that this is completed within 18 months, as by that point any policies being reviewed will have been completed. That said it may be beneficial to bring this forward and complete it within 6 to 12 months. However, if this is considered desirable, it is suggested that external resource is brought into support that timeline. This work should be undefined [*underlined?*] by regular audit to ensure all relevant policies are publicly available in writing.

Action taken

Date	Action taken
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<u>August 2023</u>	<u>The Governance Handbook is being finalised and will be published on the IPReg website. It will include information about (and a link to) the Delegation Agreements which are already published on the website. As the Delegation Agreements cannot be amended by IPReg alone (unlike all the other matters in the Handbook) they have been excluded from it. The Information Sharing Protocol has not previously been published but we will now do so.</u>
Next step	

6. Develop a written stakeholder engagement strategy setting out how stakeholders' views are obtained and considered by IPReg.

*Rationale:* This action is intended to enhance organisational transparency. It will provide clarity concerning how we obtain stakeholders' views and utilise these within our decision-making. This action should support the delivery of LSB Well Led 3.

*Suggested approaches:* It is suggested that this considers stakeholders in the broadest sense, is robust in building in public and consumer engagement and also takes account of learning from the above considerations of the use of external expertise.

Action taken

Date	Action taken
Next step	

7. Review arrangements for action plans, performance indicators and published policies concerning Equality, Diversity and Inclusion (EDI).

*Rationale:* This action is intended to enhance organisational transparency and improve planning and performance monitoring. This action should support the delivery of LSB Well Led 3.

*Suggested approaches:* It is suggested that this considers arrangements for publishing Equality, Diversity, and Inclusion (EDI) polices, and develops EDI action plans with clearer milestones to facilitate an easier assessment of progress. There should be clear performance indicators to measure progress against the Diversity Action plan.

Action taken

Date	Action taken
Next step	

## **Risk Working Group (RWG)**

### **DRAFT Terms of Reference**

#### **Purpose**

1. To develop a comprehensive approach to risk management at IPReg which will support the Board's aim to have a bolder risk appetite in order to support its desire to encourage innovation in the provision of IP legal services.
2. The RWG's work will include (but is not limited to):
  - a. Developing a risk policy;
  - b. Considering what improvements could be made to the identification, assessment, management and oversight of risk;
  - c. Developing a set of procedures for the Board to use to enhance its oversight of risk including consideration of the frequency of oversight and the approach to internal and external reviews of its oversight;
  - d. Considering wider good practice in relation to risk, which it may be helpful and proportionate to adopt;
  - e. Making recommendations to the Board on these matters.

#### **Responsibilities**

3. Provide recommendations to the March 2024 Board meeting (6 months from the RWG's first meeting) or earlier where it is appropriate to seek a steer from the Board.

#### **Membership**

4. The Group shall comprise at least three IPReg Board members.

#### **Quorum**

5. The quorum shall be two members of the Group.

#### **Frequency of Meetings**

6. The Group shall meet at least monthly until March 2024 and otherwise as required. The Working Group is a "task and finish" group; however its work may extend beyond March 2024.

#### **Attendees**

7. The Group members, the Chief Executive and any nominated member of the Executive shall attend the meetings.
8. The Group may invite any attendees as may be desirable or necessary to advise on specific issues to support the discharge of its duties.

## Reporting

9. The Chair of the Group shall report to the Board at each board meeting on the progress of matters within its responsibilities.
10. Formal minutes would not be necessary but notes of agreed actions points would be circulated as appropriate.

DRAFT

## Board Meeting 7 September 2023

### CEO report

#### Agenda Item: 11

**Author:** Fran Gillon, CEO ([fran.gillon@ipreg.org.uk](mailto:fran.gillon@ipreg.org.uk))

**This paper is for discussion.**

The following Annexes will not be published: A (personal information), C and D (provided on a confidential basis), F (advice to Board)

### Summary

1. This paper sets out the main issues to bring to the Board’s attention that are not subject of a full Board paper.

### Recommendation(s)

2. The Board is asked to:
  - a. Note this paper; and
  - b. Agree in principle the approach to responding to the LSB consultation on statutory guidance on promoting technology and innovation to improve access to legal services (paragraph 11) and delegate sign off to the Chair and CEO.

### Risks and mitigations

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

### Background

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

### Meetings held

#### *CIPA and CITMA*

4. The Chair and CEO met the CIPA and CITMA Presidents, Vice-Presidents and CEOs at the Regulatory Forum on 7 September. The agenda for the meeting was:
  - a. LSB oversight - IPReg - new regulatory performance framework;

- b. Implementation of IPReg regulatory arrangements – working with CIPA and CITMA;
  - c. PEB accreditation implementation plan update;
  - d. IGR Delegation Agreement review and IPReg Articles of Association;
  - e. Red risks – update from IPReg.
5. The 3 CEOs met on 26 July and discussed:
- a. 2024 business plan and practising fee consultation;
  - b. Ministerial roundtable on 27 July (see paragraph 12);
  - c. Reviewing IPReg Limited’s Articles of Association;
  - d. Use of AI in the IP sector.

### *LSB engagement*

6. At the relationship management meeting on 27 July we discussed:
- a. Regulatory Performance – Information request next steps;
  - b. Government White Paper on AI regulation – LSB proposed statutory guidance;
  - c. CITMA and Unregulated Representatives;
  - d. Board Business Plan, Budget and Practising Fees;
  - e. LSB Project Updates;
  - f. IPReg Board updates – 13 July.
7. Our relationship manager, Steve Violet is leaving the LSB in October (see **Annex A** – this is confidential).
8. At the CEOs’ meeting on 28 July we discussed:
- a. Performance assessment framework;
  - b. Government White Paper on AI and LSB consultation on draft statutory guidance on technology and legal services;
  - c. PII Sandbox;
  - d. LSB letter on consumer redress.
9. All the Chairs of frontline regulators received a letter from Alan Kershaw (see **Annex B**) about the LSB’s work on the Regulatory Information Service (formerly the single digital register). The letter drew attention to the recently published Digital Register Options Assessment Report from PA Consulting. The LSB considers that this provides clear and achievable way forward for providing more accessible regulatory information to consumers. The LSB asks the regulators to “send your teams to the table with a view to resolving issues as opposed to allowing them to become excuses for further delay”. This may be a reference to concerns about cost (the PA Consulting report only assessed the “relative cost” of different options, there is not yet any

information about the likely actual cost) and concerns raised about GDPR (which the LSB has responded to through the Legal Choices governance mechanisms).

10. On 24 August, the LSB issued a [consultation paper](#) on rules, guidance and a policy statement on first tier complaints (i.e. those made to firms under their complaints procedures). The consultation closes on 17 November and we will bring a draft response to the November Board meeting.
11. The LSB is also currently [consulting on statutory guidance in relation to innovation and technology](#). We are considering how the LSB's proposals may interact with the Government's proposed framework for regulating AI (see paragraph 14). The consultation closes on 2 October and our response is likely to focus on whether it is proportionate to introduce an additional regulatory framework for legal regulators when the Government's framework (which will become statutory) may be able to be applied in a wider context than AI.

#### *Ministerial roundtable 27 July*

12. The CEO attended this meeting which was organised by the IPO. The purpose of the meeting was to make first contact introductions and discuss matters of importance to the IP attorney and legal sector. The meeting discussed:
  - a. Enhancing IP rights to grow the UK economy and promote the UK as a centre for R&D;
  - b. Text and data mining: AI – reimbursing creative industries for content used;
  - c. Right of representation at the IPO (CITMA campaign);
  - d. Certainty for business – exhaustion and Retained EU Law.
13. A note of the meeting written by the IPO is at **Annex C** (NB this is confidential). CIPA's briefing paper was provided to all attendees and is at **Annex D** (NB this is also confidential).

#### *Conferences/webinars attended by Team and Board members*

14. The Head of Registration and the Director of Policy attended the Department for Science, Innovation and Technology and MoJ legal sector regulators' roundtable on 1 August to discuss the Government's proposals for the UK's AI regulatory framework. This followed publication of the Government's [White Paper](#) on the approach to AI regulation. The slides presented at the meeting are at **Annex E**. The Government wants a pro-innovation, non-statutory framework (in first instance, to be followed by a statutory duty requiring regulators to have due regard to certain principles). The key characteristics of the framework are: pro-innovation; proportionate; trustworthy; adaptable; clear, collaborative. Regulators will be expected to implement the framework underpinned by cross-cutting principles that are based on OECD AI principles.



## Regulatory Performance

15. The LSB will send its assessment of our response to us in October. We will be able to comment on the substance of its report as well as on factual accuracy. Final reports will be issued by the LSB in November.

## Sanctions

16. We have received the analysis of IPO data. We will report to the November Board once we have reviewed it.

## Waivers

17. PII Sandbox – please see agenda item 6.

## Review of compensation arrangements

18. In October 2021, the LSB agreed our rule change application to set up a compensation fund to replace the RSA insurance policy which it had withdrawn from the market. As part of the approval process, the LSB required us to include a sunset clause for the current arrangements of 30 April 2024. This means that we will need to consult on whether we should change the current arrangements, including obtaining actuarial advice and external legal advice if drafting changes to the compensation rules are needed.
19. John Birkenhead will be advising us again on the compensation fund review. The review will include: the claims experience; changes in external data sources; overall risk level; scheme design; changes to the initial risk model. We anticipate that a draft consultation paper will be presented to the November Board meeting with the consultation running until early January 2024.

## Horizon scanning and research

20. The External Market Update report is not provided this month.

## Contracts (commercially confidential information about contracts will be redacted)

21. I instructed William Sturges to review the draft contracts with IE Digital. They advised on the contracts with MillerTech. The fixed cost for reviewing three contracts is: [REDACTED] + VAT.
22. I instructed John Birkenhead to advise on the compensation fund review. He has agreed a capped price of [REDACTED] + VAT. This fee excludes attendance at Board meetings, assistance with the consultation, responding to queries from the LSB, etc.

## Other matters

### *IPReg Finance Report*

23. N/A for this meeting.

## *Legal Services Consumer Panel (LSCP)*

24. N/A for this meeting.

## *Press reports and other published information*

25. Board members may be interested in these articles:

- The CMA has launched an [investigation](#) into unregulated will-writing, online divorce and pre-paid probate services;
- The SRA has published its latest [LawTech Insight](#);
- The [latest developments](#) between CILEX, CRL and the SRA.

**Sent by email:**

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22 August 2023

Dear Lord Smith,

### **‘Regulatory Information Service’ – Next Steps**

I am writing to you to about the work on the ‘Regulatory Information Service’ that we have been leading with input from regulators and the Legal Services Consumer Panel (LSCP). A key component of this work has been to commission PA Consulting to identify the options for bringing together regulatory information in an accessible way.

Our Board discussed the report completed by PA Consulting at its July meeting and we concluded that it offers a clear and achievable way forward for making regulatory information more accessible to consumers. This relies on legal regulators committing to the development and implementation of a ‘Regulatory Information Service’, and in continuing to work together to realise that ambition.

While there may be alternative views on the best means of achieving better access to regulatory information, I believe the time has come for us all to get behind this important recommendation of the CMA and finish the job. It is central to our collective credibility that when the CMA looks at our sector it does not need to lament a third time.

At the LSB we are committed to doing what is necessary to ensure we make progress. I am sure I can rely on you all to send your teams to the table with a view to resolving issues as opposed to allowing them to become excuses for further delay.

To ensure that we maintain pace on this important piece of work, LSB colleagues will be in touch with relevant colleagues in your organisation on the specific next steps for progressing this work.

Yours sincerely,

A handwritten signature in black ink that reads "Alan Kershaw". The signature is written in a cursive style and is underlined with a single horizontal stroke.

Alan Kershaw  
**Chair**



**UK Government**

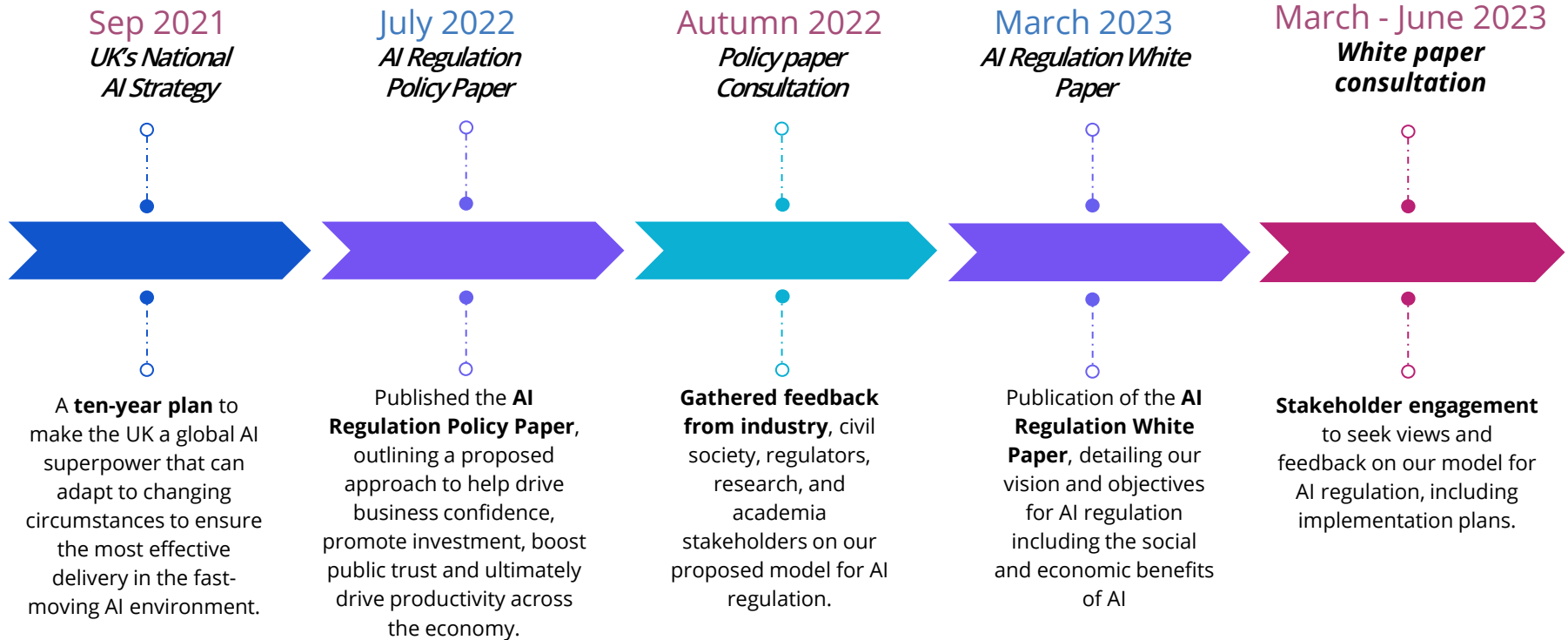


Office for  
Artificial  
Intelligence

# The UK's AI Regulatory Framework

*August 2023*

# AI regulation policy development so far...

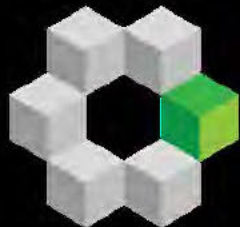




Enabling rather than  
stifling responsible  
innovation.



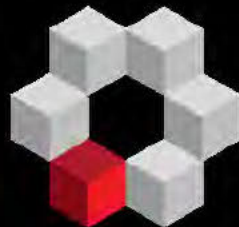
Avoiding  
unnecessary or  
disproportionate  
burdens for  
businesses and  
regulators.



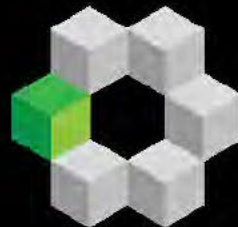
Addressing real risks  
and fostering public  
trust in AI in order to  
promote and  
encourage its  
uptake.



Enabling us to adapt  
quickly and  
effectively to keep  
pace with emergent  
opportunities and  
risks as AI  
technologies evolve.



Making it easy for  
actors in the AI life  
cycle to know what  
the rules are, who  
they apply to, who  
enforces them, and  
how to comply with  
them.



Encouraging  
stakeholders to work  
together to facilitate  
AI innovation, build  
trust and ensure that  
the voice of the  
public is heard and  
considered.

# AI regulatory framework - key components



## Cross-cutting principles for responsible AI with good governance across the life cycle

- i. safety, security and robustness;
- ii. appropriate transparency and explainability;
- iii. fairness;
- iv. accountability and governance;
- v. contestability and redress.



## Non-statutory regime in the first instance, with leading regulators as early adopters

A statutory duty requiring regulators to have due regard to the principles to be introduced following the initial non-statutory implementation period.



## Central functions to monitor the framework and drive coherence

The central functions will: identify and monitor risk on a cross-sector basis, monitor effectiveness of the framework to support its ongoing iteration, encourage coherence, identify regulatory gaps, horizon scan, facilitate collaboration with industry, and monitor international alignment.

Other important elements of our framework:

◆ *Tools for trustworthy AI (e.g. technical standards and assurance)*

◆ *International interoperability*

◆ *Sandboxes and testbeds*



# The proposed cross-cutting principles

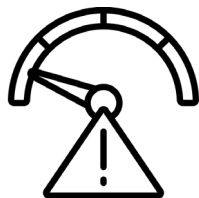
Existing regulators will be expected to implement the framework underpinned by 5 values-focused cross-sectoral principles, based on the **OECD AI Principles**

<b>Safety, Security &amp; Robustness</b>	AI systems should function in a robust, secure and safe way throughout the AI life cycle, and risks should be continually identified, assessed and managed.
<b>Appropriate Transparency &amp; Explainability</b>	AI systems should be appropriately transparent and explainable.
<b>Fairness</b>	AI systems should not undermine the legal rights of individuals or organisations, discriminate unfairly against individuals or create unfair market outcomes. Actors involved in all stages of the AI life cycle should consider definitions of fairness that are appropriate to a system's use, outcomes and the application of relevant law.
<b>Accountability &amp; Governance</b>	Governance measures should be in place to ensure effective oversight of the supply and use of AI systems, with clear lines of accountability established across the AI life cycle. AI life cycle actors should take steps to consider, incorporate and adhere to the principles and introduce measures necessary for the effective implementation of the principles at all stages of the AI life cycle.
<b>Contestability &amp; Redress</b>	Where appropriate, users, impacted third parties and actors in the AI life cycle should be able to contest an AI decision or outcome that is harmful or creates material risk of harm.

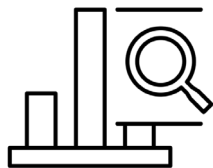
## Central functions & sandboxes



Monitoring and evaluating the regulatory framework



Assessing and monitoring AI risks including existential risks



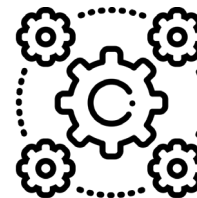
Conducting horizon scanning and gap analysis



Supporting testbeds and sandbox initiatives



Providing education and awareness



Promoting interoperability with international frameworks

These functions require collaboration between central government and:

Regulators

International partners

Industry

Civil society

Academia

Public

# International Collaboration and Interoperability

Examples:

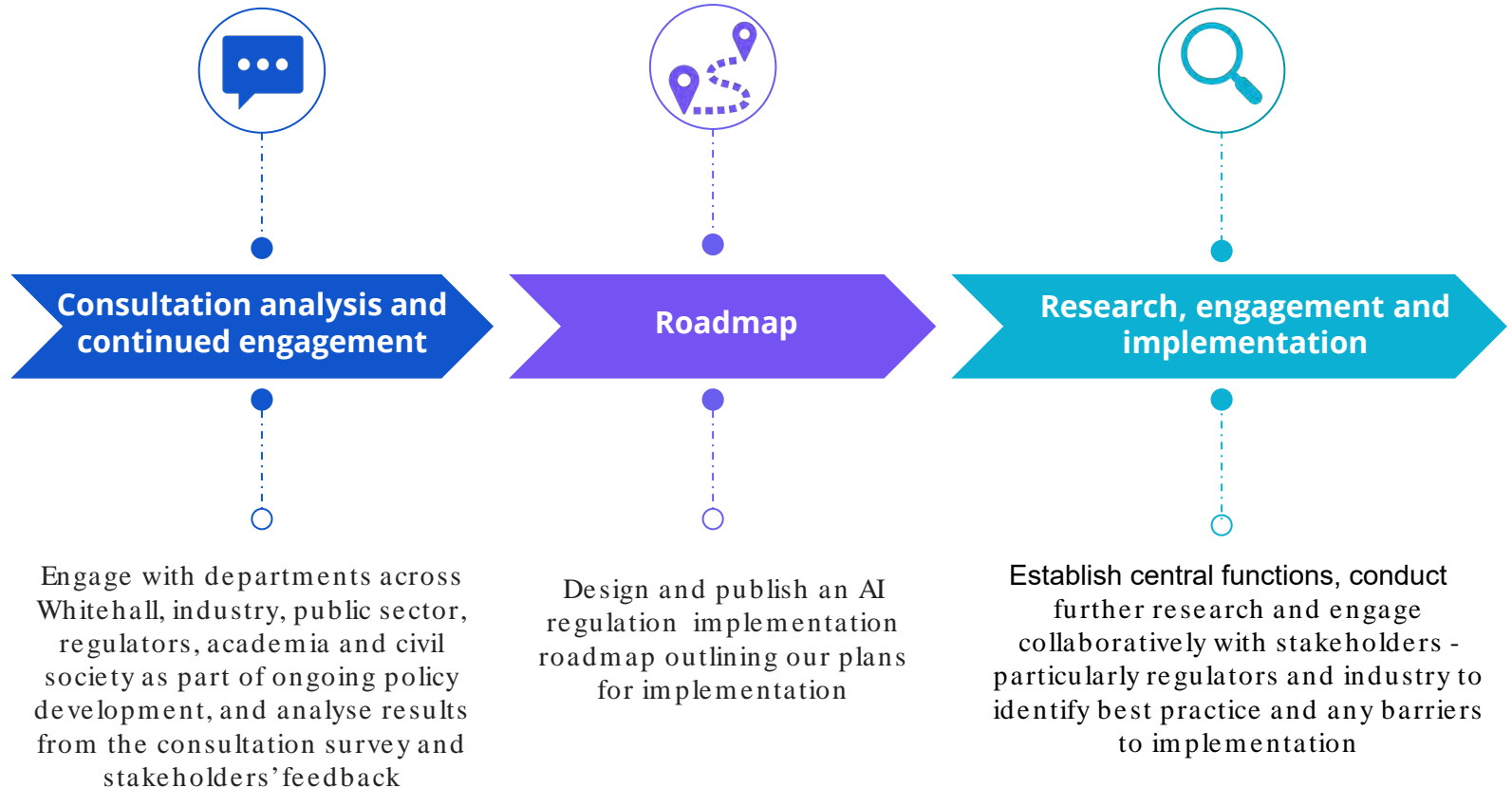
- **International Collaboration:** The UK recognises the importance of working closely with global partners to shape international governance and regulation. We are taking an active role in many bilateral and multilateral AI discussions.
- **Tools for trustworthy AI** will play a critical role in enabling the responsible adoption of AI by supporting the implementation of regulatory framework and boosting international interoperability.



AI  
STANDARDS  
HUB



## Next steps - process



## Next steps - priority topics

We will continue to engage with a variety of stakeholders throughout the consultation period.

We are particularly interested in exploring the following topics in further detail, in addition to seeking views on the framework itself:



**Liability/  
accountability  
across the value  
chain**



**Regulator  
capability,  
capacity  
and  
behaviour**



**Regulatory  
implementation,  
sandbox & tools  
for trustworthy AI**



**Risk  
management  
(the central risk  
function)**



**Measuring  
impact &  
informing  
ongoing iteration  
(the central M&E  
function)**



**International  
interoperability**

Any questions?



Department for  
Science, Innovation  
& Technology



Office for  
Artificial  
Intelligence

# Thank-you



Department for  
Science, Innovation  
& Technology



Office for  
Artificial  
Intelligence

## IPReg Board Meeting Actions Log - New and Outstanding Actions

Date of Meeting in which action arose	Agenda Item	Action	Responsibility	Status	Notes/Update
July 2023 Board Meeting					
Jul-23	Auditor's report and IPReg Limited 2022	Signed Financial Statements to be returned to auditor for signature and subsequent filing at Companies House	KD	Closed	
Jul-23	2024 business plan, budget and practising fees consultation	CEO to amend the business plan to reflect the proposed 8% fee increase; paper to be prepared for the next Board meeting on Board member fee increases	FG	Closed	
Jul-23	IT Upgrade	CEO to pursue discussions with ClearCourse	FG	Ongoing	
Jul-23	Governance Action Plan Implementation	CEO to arrange Governance Working Group Meeting	FG	Closed	Arranged for 28 September
May 2023 Board Meeting					
May-23	CEO's Report	CEO to add Delegation Agreement and Information Sharing Protocol to 7 September Regulatory Forum	FG	Closed	
May-23	Governance Action Plan Implementation	CEO to include these matters in the Governance Handbook and publish it	FG	Ongoing	
May-23	Working Group Reports - Education	Education and Diversity Officer to include litigation qualification in the wider work on education	GS	Ongoing	



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May-23	Working Group Reports - Education	CEO to gauge the level of interest in undertaking work on barriers	FG	Closed	Included in 2024 Business Plan
March 2023 Board Meeting					
Mar-23	IT Issues – Drupal Migration	CEO to pursue due diligence on IE Digital	FG	Closed	
Mar-23	Review of Regulatory Arrangements – Implementation	CEO and HoR to take forward implementation of the new regulatory arrangements	FG/SE	Closed	
December 2022 Board Meeting					
Dec-22	Website upgrade	CEO and Head of Registration to consider further what approach would be preferable in terms of budget and staff time.	FG/SE	Closed	
Dec-22	Education Working Group	Review EWG terms of reference and the scheme of delegation	EWG		To be considered at the December 2023 Board meeting
November 2022 Board Meeting					
Nov-22	Speaking Up Policy	CEO to draw the policy to the attention of IPReg Team members	FG	Ongoing	
July 2022 Board Meeting					
Jul-22	Financial Statements (IPReg Ltd), Directors' Report and Letter of Representation	Update financial procedures	KD	Ongoing	

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Jul-22	Education Working Group Update	Arrange a meeting with QMUL senior staff	VS	Completed	
Jul-22	Governance and Transparency Working Group – Report on findings and recommendations	Take forward Action Plan including regular updates to Board Meetings	FG	Ongoing	
Jul-22	Risk Register	Review risk wording	FG	Ongoing	Risk Working Group meeting arranged for 1 September
January 2022 Board Meeting					
Jan-22	Annual Renewal Process Update	Review annual return information categories similar to PAMIA questions	SE	Ongoing	Any changes will be put in place for 2023 renewal year
November 2021 Board Meeting					
Nov-21	Governance Matters	Governance documents to be reviewed in 2 years' time	FG	Open – Nov-23	
July 2021 Board Meeting					
Jul-21	Compensation Arrangements	Develop risk profile	FG/SE	Ongoing	Actuary to update risk profile as part of one year review of compensation fund – December 2022 Board

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May 2021 Board Meeting					
May-21	Diversity - next steps - workshop feedback	Implement the diversity initiatives	FG	Ongoing	
May-21	Diversity - Inclusive Language	Adopt and publish Inclusive Language Policy	FG	Ongoing	
July 2020 Board Meeting					
Jul-20	Risk registers	Discuss how cyber risks should be added to the risk register and arrange for IPReg to undertake the Cyber Essentials programme.	IPReg team and SF	Ongoing	
January 2020 Board Meeting					
Oct-19	LSB CEO Meeting	Invite Matthew Hill to Board meeting	FG	Open	Date TBC