

IPReg: 2020 Business Plan, Budget and Practice Fees consultation

1. The Chartered Institute of Trade Mark Attorneys (CITMA) is responding to the consultation by IPReg on their 2020 Business Plan, Budget and Practice Fees in its capacity as an Approved Regulator, as defined in the Legal Services Act 2007 (the Act) and as the representative body for Registered Trade Mark Attorneys and the wider trade mark and design profession. We are grateful to IPReg for the opportunity to comment.
2. Before providing remarks on the substance of the consultation, we would like to thank IPReg for taking on board the comments made previously about the timing of the consultation and for this consultation being brought forward to avoid the summer holiday period.

Draft Business Plan

3. We broadly support the draft business plan put forward by IPReg. There will be inevitable ongoing requirements for the CRM project and accommodation project which are due to be delivered in 2019.
4. We remain fully supportive of the need for IPReg to have a new CRM system which will be more robust and we look forward to seeing the efficiency savings it brings, as well as a better user experience at the front end, once it has gone live and bedded in.
5. This combined with the review of core regulatory arrangements will hopefully ensure that IPReg is operating in a streamlined and consistent way with less internal and external administration time being needed.
6. As mentioned in our response to the 2019 business plan, we look forward to working with IPReg throughout the programme of work, assisting informally with the review of regulatory arrangements, as well as responding formally to official consultations.
7. We are pleased to see the business plan includes a commitment to reviewing more closely the accreditation process to ensure that standards are maintained in between accreditation and re-accreditation points. We hope that IPReg will be working closely, not only with Queen Mary London, but with all the Examination Agencies to review actions set for improvement.
8. It is appreciated that the timetable for the review of regulatory arrangements has been adjusted, but it is noticeable that the overall timetable has slipped, not insignificantly, from the timetable presented in the 2019 consultation. We would be interested to know what measures IPReg will be putting in place to limit any further slippage?
9. We are pleased to see that a ring-fenced reserve is being kept to fund suitable diversity initiatives. We hope that IPReg will continue to support IP Inclusive which has been developed as a vehicle for delivering awareness and change across the IP landscape. Ongoing support from IPReg is important and would, in our view, be fully justified.

Draft Budget

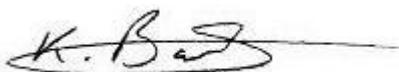
10. We note that income budgeted for 2020 is higher than the 2019 budget (+47k) and expenditure budgeted for 2020 is lower than the 2019 budget (-100k), which results in an overall projected surplus. The reduction in expenditure appears largely due to the end of the IT project and the accommodation project, rather than through reduced staff or other operational cost savings.

11. We have mentioned previously a hope that operational costs could be reduced. We appreciate that it would be difficult to realise immediate 'real' financial savings for 2020, but we would expect to see some changes in 2021.
12. It is noted that IPReg was required to provide to the LSB a 3-year forecast to support the proposed increase to the 2019 practice fees. If this were included as part of the 2020 consultation it would help to show what efficiency savings and changes IPReg expects to see as a result of the investment in new systems and following the review of regulatory arrangements. Whilst this would only be indicative, it would demonstrate a clearer vision and expectation of the benefits and financial savings over a longer period.

Practice Fees

13. In previous responses to practice fee consultations we made clear that we hoped for a reduction in practice fees, all things being equal, in future years. This remains our position, and it is anticipated that, following a successful implementation of the new CRM system and progress in other business plan activities in 2020, IPReg will be able to make an adjustment to fees in 2021. This would be alongside any reduction in operational costs through efficiency savings as set out above.
14. It is noted that the LSB has also indicated an expectation that the practice fee could be reduced or stabilised once the three main projects were completed.
15. In the consultation it is stated by IPReg that "...it seems likely that we will need to propose increases of RPI in future years as well (i.e. fees will remain level in real terms)." This is a concern for CITMA as it would suggest that efficiencies may not be realised over the immediate and medium term. We would like to see a clearer indication from IPReg as to when any efficiency savings would be realised.
16. This would further support the need for a high-level 3-year budget to be presented alongside this consultation and future consultations. It is appreciated that the review of regulatory arrangements may result in a change to the structure of registrant categories. Although this will make it more difficult to determine a detailed income structure in future years, until the category structure is known, there should be some high-level analysis of the proposed income required to accompany the changes in expenditure expected in the future.
17. For the immediate year ahead, the consultation clearly sets out the reasons why an increase in practice fees in line with RPI is required for 2020 and on this basis we would not object to the proposed increase. In future years an analysis based on the newer CPIH rate may be more appropriate and we would encourage IPReg to explore this option.
18. We would be happy to discuss any of these points further with representatives from IPReg if it would be of assistance.

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



Keven Bader
Chief Executive

4th July 2019