

Approved regulator (AR)	IPReg
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Final application	Type of format received	Confirmed receipt of application?	Website link to the key documents on our webpage
Receipt of final application on 10/10/12	Email	Yes	

Pre-draft application process including draft documents or correspondence received for assessment against the final application

	Yes or No	Description	Date
Did the LSB receive a draft application?	No		
Was there a pre-meeting between AR representatives and the LSB?	No	IPReg confirmed in June that it anticipated a zero increase from 2012 and therefore did not think there was any need for a pre-meeting.	
Do we have any initial concerns arising from the application?	Yes	Lack of clarity in application about contingency/reserve fund and approach and income for 2012.	
Have the concerns or issues of clarification (if any) been resolved?		See above.	
Does the final application include a section on how the AR has dealt with the areas for improvement (if any) highlighted in the previous year's approval letter? If yes, have these issues been dealt with to the satisfaction of the LSB?	Yes		

Summary

We have included in the decision letter our concerns of the lack of clarity in the application about contingency/reserve fund and approach and income for 2012 and requested that this information is included in all future applications.

Overall level of concern No concern

Section 1: Developing the application and setting the budget

This section of the criteria refers to D10a & D11a /D11d of the Practising fee Rules 2009.

Criteria - application	Yes or No	Relevant information
Is there a description of how the application was developed and settled?	Yes	Application seeks approval to maintain the practice fees for individual registrants at the 2011 and 2012 levels and preserve for 2013 the temporary 50% increase in practice fees payable by firms, which was imposed in 2012.
Is there sufficient detail to make an assessment of 'reasonable care' when settling the application?	Yes	The application provides information about the approach taken this year, which reflects the fact that the fee is unchanged.

Overall comments

IPReg also clarified that the "Planned Office Restructuring" of £50K in the 2013 Budget is the additional resource and other costs in relation to the licensing function as mentioned in the application.

Evaluation

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Level of concern

No concern

Criteria - budget	Yes or No	Relevant information
Is there a description of how the budget was developed and settled?	Yes	A 2011 consultation about fee levels reflected that a temporary increase in the fees payable by firms would apply in 2012 and 2013 to cover the cost of the licensing authority application and associated work. IPReg does not intend to apply the increase beyond 2013 as the licensing authority application will have been concluded in 2013.
Is there evidence that the budget was settled in light of immediate and medium term budgetary needs?	Yes	See above.
Is there a description of contingency arrangements?	Yes	<p>~ IPReg provides for a small operational contingency. This has not been called on in the 3 years of operation to date.</p> <p>~ IPReg has provided for the cost of major projects over two budgets. Provision for a new website was made over 2011/2012. Provision for the costs of the application for licensing (borne by firms only) is over 2012/2013.</p> <p>~ IPReg has provided £50,000 within the proposed 2013 budget for additional resource and other costs in relation to its licensing function expected to commence in 2014.</p> <p>~ IPReg has determined that over a period of four years it will build a general contingency of £100,000 against significant unexpected costs. IPReg currently has £50,000 invested. This will rise to £75,000 at the end of 2012.</p>
Does this include a section on the consultation with practitioners?	Yes	Refer to Section 4.

Overall comments

Not clear about how the contingency fund will increase from £50k to £75k by the end of 2012 as appears to have only been allocated £10k in the accounts. We received additional information on 31 October 2012 that the reserves are not shown brought forward on the 2013 budget and the £10k 2013 budget figures reflect the revenue required to be raised from practice fees in 2013. The build up of the general contingency reserve is not expressly provided for in the budget, rather, it is based on IPReg's anticipated surplus at the end of the year which will enable us to allocate an additional amount to the General Contingency Reserve.

Evaluation

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Level of concern

No concern

Section 2: Permitted purposes

This section of the criteria refers to D10b & D11e/D11b of the Practising fee Rules 2009.

Criteria	Yes or No	Relevant information
Is there evidence that the income raised through the PCF charge are applied solely to the permitted purposes ?	Yes	All income will be applied solely for the permitted purposes.
Does it include a budget that shows the anticipated income from practising fees?	Yes	Anticipated income of £550,000 from the practising fee shown in Annex 3 (2013 draft budget).

Criteria	Yes or No	Relevant information
Does it include an analysis of expenditure against the permitted purposes?	Yes	<p>Analysis of expenditure show in Annex 3 (2013 draft budget) and application also includes a pie chart showing the allocation of the proposed 2013 budget at Annex 6.</p> <p>In summary, expenditure is on:</p> <ul style="list-style-type: none"> · the levy to the LSB and for LeO · staff salaries and Chairman and Board salary and expenses · accommodation and other office costs (with provision for potential restructuring of the IPReg office to meet additional licensing obligations) · provision for education and research projects. <p>The budget also contains a modest allocation for IPReg "events".</p> <p>IPReg has determined to increase the 2013 budget provision for disciplinary hearings as there is evidence of some increase in the number of complaints.</p>
Does it include an analysis of income and expenditure related to all other expected income to be applied to permitted purposes?	Yes	No other anticipated income.

Overall comments

The application did not show the income for 2012. LSB received confirmation on 31 October 2012 that the total figure was £585,000 for 2012 (excluding the ABS related temporary uplift amounting to £69,000 which is ring-fenced and not part of the general budget). IPReg no longer collect practice fees for 2012 from new 2012 registrants and therefore this figure is not expected to increase. IPReg anticipate the practice fee income in 2013 to be at a consistent level.

Evaluation

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Level of concern

No concern

Section 3: Regulatory functions

This section of the criteria refers to D10c D10d & D11c of the Practising fee Rules 2009.

Criteria	Yes or No	Relevant information
Is there clarity and transparency of how the PCF income collected by practising fees is applied to permitted purposes which are regulatory functions (not representative)?	Yes	All income is applied to permitted purposes which are regulatory.
Is there a description of shared services?	Yes	Budget includes an estimated £42k for the cost of CIPA and ITMA administering individual registers. IPReg had intended to terminate the service at the end of 2012 and maintain the registers on its own new website. However, to ensure orderly transition and proper piloting, the services of CIPA and ITMA are being retained for another year. No funds are collected by IPReg or paid to CIPA and ITMA for any of the representative activities of the Institutes.

Criteria	Yes or No	Relevant information
Is there clarity and transparency of how the PCF income collected by practising fees is applied to permitted purposes which are not regulatory functions ?		All PCF income applied to regulatory functions.

Overall comments

Evaluation

Level of concern: No concern

Section 4: Clarity and transparency

This section of the criteria refers to D10e of the Practising fee Rules 2009 & section 51(b) of the Act

Criteria	Yes or No	Relevant information
Consultation with members		
Does the application include a description of their consultation undertaken with their members mandated to pay practising fees?	Yes	Consultation undertaken in 2011 which stated the uplift for entities for 2012 would continue into 2013. Otherwise no other consultation as fee has not changed. The 2013 budget and business plan have been available on the IPReg website since mid-July. No concerns have been received from registrants or via the Institutes.
If yes, does the description of the consultation process include transparency and clarity of how the fee level has been set and how the money collected will be used?		N/a
If yes, does the application also include a description of how that feedback influenced the decision-making and policy development processes?		N/a

Criteria	Yes or No	Relevant information
Consultation with members		
In terms of the level of information provided to members, does the application include the recommended use of the 'Council Tax bill' analogy and/or another form of web-based linked information?		N/a for the consultation - however, application includes pie charts showing how fee was spent last year, compared to budget and how IPReg intends to spend the fees this year.
If yes, when was this information issued to the mandated members paying the practice fees i.e. as the fee note issued or shortly afterward?		N/a

Overall comments

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Evaluation

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Level of concern:

No concern

Section 5: Regulatory and Equality Impact Assessment (EIA)

This section of the criteria refers to D11f of the Practising fee Rules 2009

Criteria	Yes or No	Relevant information
Does the application include a regulatory or diversity impact assessment?		Fees matrix structured to ensure that UK registered attorneys and attorneys who are solely European registered attorneys (operating in the UK) and other professionals (lawyers) regulated by IPReg effectively pay the same practice fees to IPReg.
If no, does the application include a description of how the proposals may potentially impact on various groups (this include the impact of increased fees if appropriate)?		See 2012 comments
Does the application include a description of how the proposals have been developed in light of the Regulatory Objectives as set out in the Legal Services Act 2007 and Better Regulatory principles?		Budget includes additional amounts for research and education training.

Overall comments

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Evaluation

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Level of concern:

No concern

Section 6: Consultation with non-commercial bodies and others

This section of the criteria refers to D12 of the Practising fee Rules 2009 & Section 51 (7) (a) of the Act

Criteria - non-commercial bodies	Yes or No	Relevant information
Does the application include a description of steps the AR has taken to ensure the impacts of the persons providing non-commercial legal services have been considered when setting the fees?		IPReg does not regulate any special bodies and has not, therefore, considered departing from its approach for any one special body or a group of special bodies.
Has the AR shared details of the practising fee level with appropriate bodies such as the Law Centres Federation, Citizens Advice and Advice Service Alliance in advance of the submission of the application?		N/a
Have the non-commercial bodies provided any response to the details shared to them by the AR?		N/a

Overall comments

Evaluation

Level of concern:

No concern

Final assessment and decision

LSB recommends approval of the fee levels for 2013.

Criteria - others	Yes or No	Relevant information
Have we considered if we need to consult with anyone else on this application?		No additional consultation necessary.
If yes, what consultation has taken place and with whom?		N/a
What was the outcome of this exchange i.e. Do we have any immediate concerns that has the potential to delay the approval of the application?		N/a

Overall comments

Evaluation

Level of concern:

No concern