

ACTUAL v BUDGET FOR THE YEAR ENDED 31 DECEMBER 2021

	Actual YE 31-12-2021			Budget YE 31-12-2021		
	£	£	£	£	£	£
INCOME						
Practice Fees - Attorneys & Entities			993,947			906,936
Other Income			23,879			0
			<u>1,017,826</u>			<u>906,936</u>
EXPENDITURE						
LEGAL SERVICES BOARD AND LEGAL OMBUDSMAN						
LSB Levy		66,846			69,310	
LeO/ OLC Levy		5,000			5,000	
		<u>71,846</u>			<u>74,310</u>	
OPERATIONAL EXPENDITURE						
Board Costs						
Replacement of Board Members			10,392			8,000
Compensation Scheme Policy Insurance Premium						
			23,282			35,000
Conduct & Disciplinary incl. Assurance & Litigation						
External legal Costs and hearing costs		32,068			35,000	
Recruitment/training of panel members		0			15,000	
		<u>32,068</u>			<u>50,000</u>	
Corporation Tax						
			21			150
Diversity Initiatives						
			2,000			7,000
Education & Projects						
			18,517			5,000
Financial Expenses						
			6,203			7,000
General Administration Expenses						
Licence & Services - Little Britain		71,946			78,480	
Other Office Costs		12,671			20,000	
Write Back of Provision against the recoverability of costs awards		-24,291			0	
		<u>60,326</u>			<u>98,480</u>	
IT Support (office and website)						
Support		8,604			10,000	
CRM development		899			0	
CRM - OPEX		12,106			13,000	
		<u>21,609</u>			<u>23,000</u>	
Legal & Professional						
Legal & Professional Costs		19,192			20,000	
Actuarial Fees re Compensation arrangements		45,529			0	
Review of Regulatory Arrangements		43,704			40,000	
		<u>108,425</u>			<u>60,000</u>	
Legal Choices						
			5,800			4,850
PR/Communications						
			0			3,000
Staff Costs						
CEO		79,490			80,100	
Regulatory Officers (incl. new Regulatory Officer)		319,092			285,640	
Administrative Staff		71,447			72,000	
Directors' Remuneration		67,156			71,100	
Employer's NI - staff		45,123			51,060	
Employer's NI - directors		3,943			3,800	
Pension Costs		11,610			12,100	
Staff Benefits		5,915			7,400	
Staff Recruitment		8,400			8,400	
Staff Development & Training		0			3,000	
		<u>612,176</u>			<u>594,600</u>	
TOTAL EXPENDITURE			<u>972,665</u>			<u>970,390</u>
OPERATING BALANCE			<u>£45,161</u>			<u>-£63,454</u>

See notes overleaf

ACTUAL v BUDGET FOR THE YEAR ENDED 31 DECEMBER 2021

Notes

Actual YE 31-12-2021

- 1 The breakdown of income is as follows:

	£	£
Practice Fees:		
Practice Fees - attorneys & entities		947,118
Admissions - attorneys		<u>46,829</u>
		993,947
Other Income:		
JRS (Furlough Grant)	6,464	
Late payment penalty fees	3,039	
Costs Awards/fines	2,100	
Licensed Body application fees	8,716	
Role holder registrations	2,600	
Sundry Income incl. bank interest	<u>960</u>	
		23,879
		<u>£1,017,826</u>

- The Board had budgeted for a potential fall in the regulated community (see Note 1 in Budget YE 31-12-2021) which did not materialise.
- 2 Conduct & Disciplinary - the recruitment and training of the panel was delayed and carried forward to 2022.
- 3 Compensation Scheme Policy Insurance Premium - IPReg's compensation arrangements had been provided by an insurance policy underwritten by Royal Sun Alliance (RSA). However, following the notification by RSA that they would not be renewing the policy, and IPReg's insurance broker being unable to find another insurer willing to provide similar cover; IPReg set up a Compensation Fund. The premiums noted here were in respect of the insurance policy to 30 October 2021. IPReg transferred the balance of the budget line £11,718 to the Compensation Fund.
- 4 Diversity Initiatives - sponsorship of IP Inclusive's 2021 operating costs.
- 5 Education & Projects includes costs for the assessment for the accreditation of the Higher Courts Advocacy courses for CPD Training and Nottingham Law School, research on UK patent filings and the Diversity survey costs.
- 6 The largest component of the Financial Expenses relates to commission and charges on card transactions predominantly incurred during the renewals process.
- 7 General Administration Expenses: Write Back of Provision against recoverability of costs awards - in 2020, a provision was made against the recoverability of a costs award of £26,391. This was fully recovered and the provision was written back. The write back coupled with a provision made in respect of the recoverability of the costs awards of £2,100 arising from disciplinary cases in 2021, resulted in a write back of £24,291.
- 8 Review of Regulatory Arrangements - includes external costs associated with the development and preparation of the consultation documents.
- 9 Regulatory Officers includes costs for cover for the furloughed post and the authorisations officer vacancy following an unsuccessful recruitment exercise.
- 10 Additional fees charged by directors have been allocated to relevant budget lines and are not included in Directors' Remuneration.

Budget YE 31-12-2021

- 1 Practice fee income - due to the uncertainty of the impact of COVID-19 and/or Brexit, the budgeted practice fee figure was calculated by taking practice fee income as at 7-8-20 and projecting a 5% reduction to simulate a potential fall in the regulated community.
- 2 No estimate has been made for Other Income either from bank interest, late payment penalty fees, costs awards/fines or from role holder/licensed body applications as per our usual practice as these applications are outside our control.
- 3 The budget line for new regulatory officer £32k for recruitment costs, salary, employers NI, pension and benefits starting in June; has been absorbed into staffing budget lines.
- 4 The Board committed to utilising Reserves to offset against an operating deficit if required. The potential offsets were identified as:

CMA Market Funding - Legal Reserves	£	4,850
Conduct & Disciplinary - Recruitment & training of disciplinary panel		15,000
Diversity Initiatives		7,000
Communication Reserve - PR/ Communication		3,000
Review of Regulatory Arrangements		<u>24,000</u>
		<u>£53,850</u>

which if fully utilised, would leave a budgeted operating deficit of £9,604.