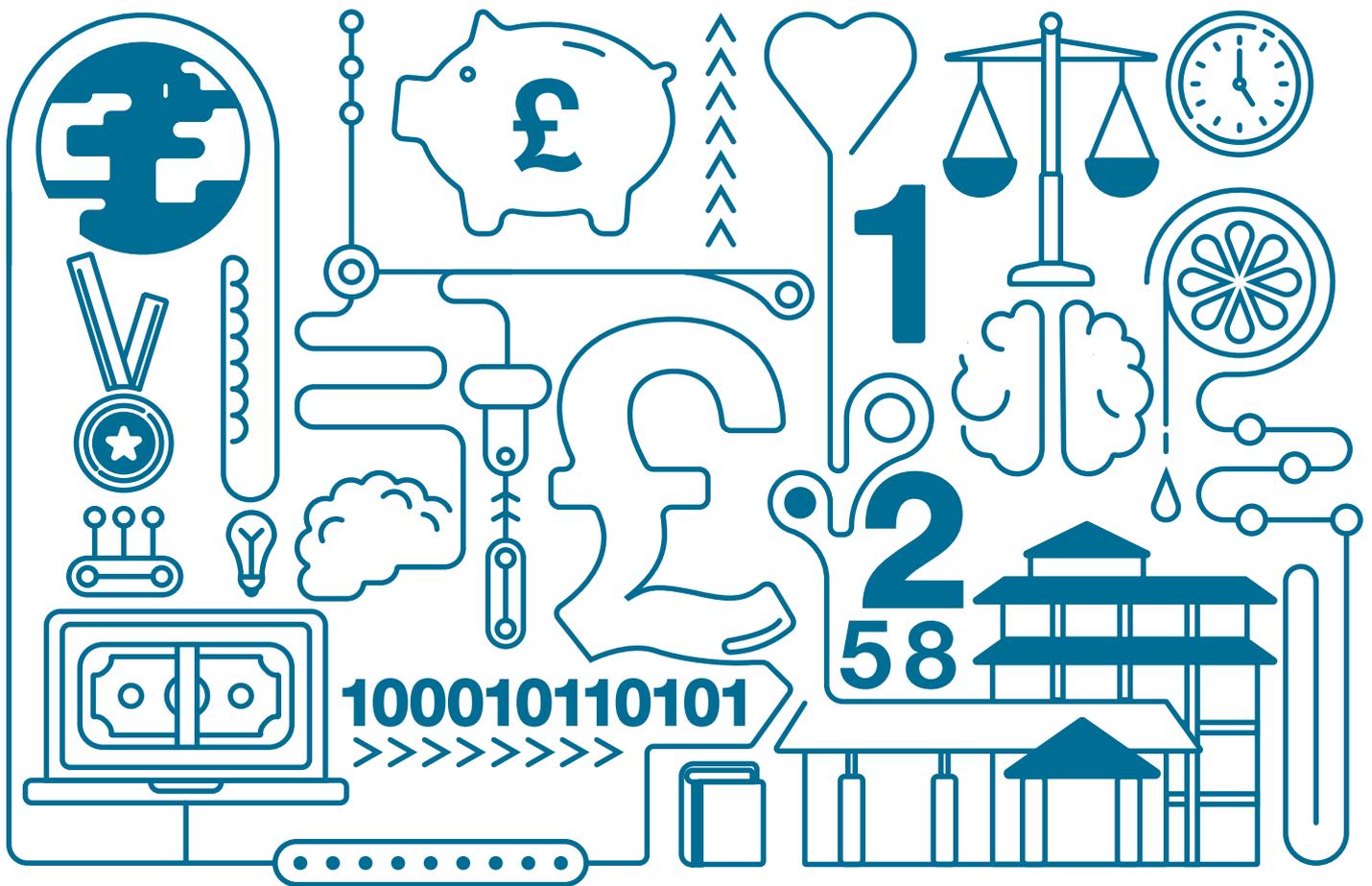




Intellectual
Property
Office

The Patent Office Annual Report and Accounts

2019/20



IPO | Making life better through IP

Intellectual Property Office is an operating name of the Patent Office

HC 230

The Patent Office

Annual Report and Accounts

2019/20

The Patent Office

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2019/20 Annual Report & Accounts

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The Intellectual Property Office
Concept House
Cardiff Road
Newport
NP10 8QQ

Tel: 0300 300 2000

e-mail: information@ipo.gov.uk

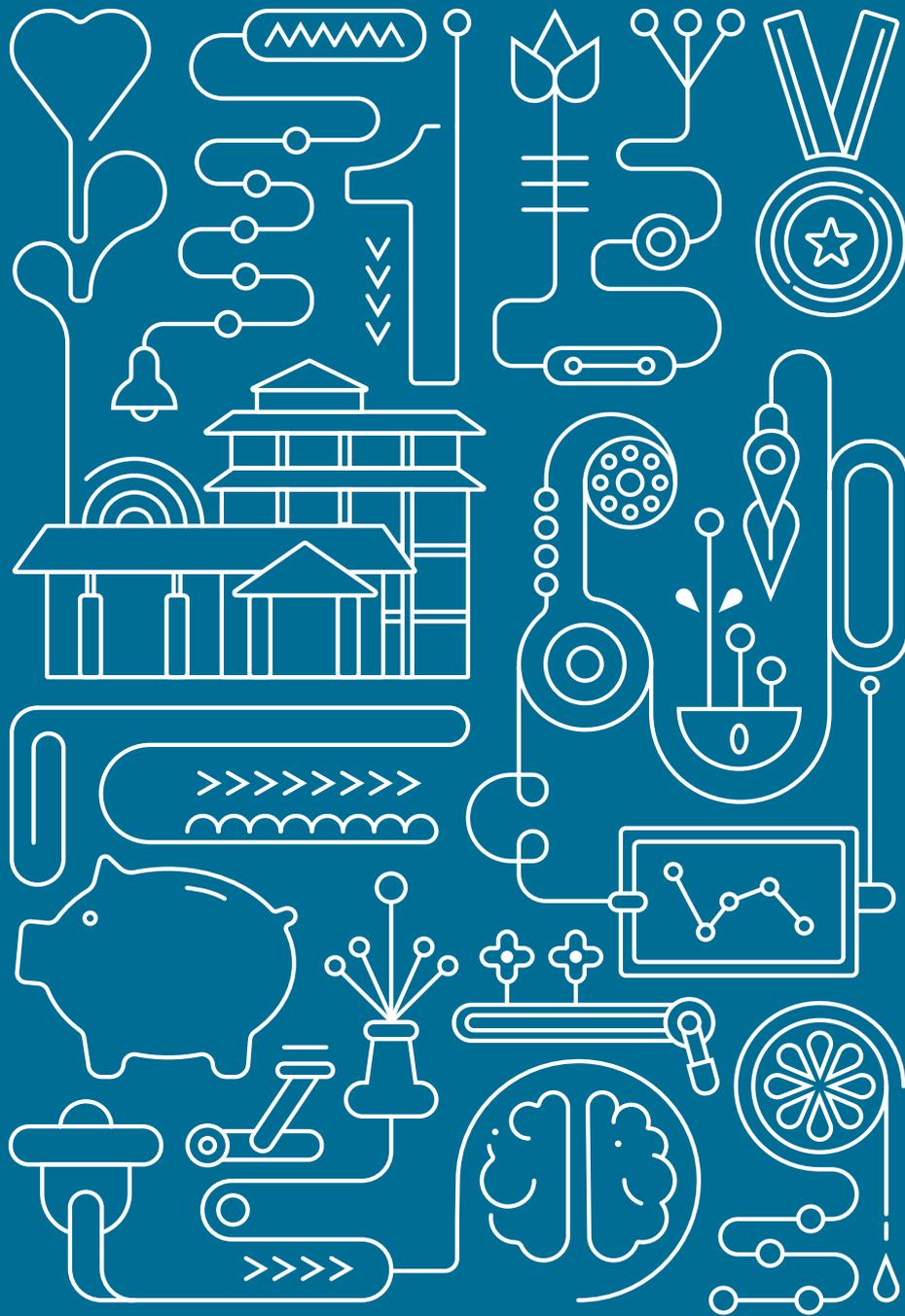
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The Patent Office
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Chair's Statement

Following almost seven years as a Non-Executive Director at the Intellectual Property Office (IPO), this challenging, but very successful year has been my second as Chair of the IPO's Steering Board.

I have been impressed with the organisation's ability to navigate through uncertain times over my time on the Board, and this has been no more apparent than in recent months as the IPO has accommodated the changes required by the UK's departure from the EU. Like all organisations across the UK we have been faced with the challenges of the Covid-19 pandemic, and through hard work, and careful planning, we have supported our people in working from home during this difficult time, whilst maintaining minimal disruption to our core services.

I am also pleased to say that, once again, we met all our Ministerial Targets and made considerable progress in delivering the IPO's strategy. Launched in 2018, our strategy sets out how we will support the Government's ambition of making the UK the most innovative country, being the best place to start and grow a business. We will achieve this through being the best IP office, delivering excellent IP services, creating a world leading IP environment and being a brilliant place to work.

During the year we have made excellent progress on reducing our patent backlog and have seen an increase in overall demand for both trade marks and designs, whilst continuing to provide excellent customer service throughout all our registered rights – as verified by our measures of customer satisfaction. To reinforce this customer focus, this year we also launched our Customer Strategy, setting out our ambitions in being a truly customer-centric organisation.

We have successfully delivered the policy and legal framework to support the UK's departure from the EU and our teams have been integral in free trade negotiations with the EU and rest of world. Through expanding our attaché network and working with the World Intellectual Property Organization (WIPO) we have further developed our international role and shared our expertise in IP enforcement with countries such as Brazil, who are now tackling IP-infringing websites using UK techniques and procedures. This year we have made excellent progress in understanding the impact of future technology on the IP framework, hosting a highly successful international conference with WIPO, which explored the implications Artificial Intelligence (AI) has on the IP framework. We have now started to develop our own approach to tackling the most difficult questions in this area.

The dedication and skill of our people are core to our continued success. Our commitment to making the IPO a brilliant place to work is demonstrated by our People Survey engagement score, keeping us within the Civil Service high performance bracket, achieving Gold Investors in People award and developing a new approach to performance management. I am also delighted to say we have once again been named one of the most inclusive employers in Britain by LGBT equality charity Stonewall.

We have an ambitious year ahead, focusing on four key priorities to support the delivery of our strategy. These are delivering our core services, supporting the UK's independent economic and political future, progressing our Transformation Programme and identifying the implications that future technology can have on the IP framework. We know that our people are fundamental to achieving all our goals and I would like to thank all our employees for their contributions over the past year. I look forward to working with you, and with all our stakeholders over the next 12 months.



A handwritten signature in black ink that reads "Timothy J. Suter". The signature is written in a cursive style.

Tim Suter
Chair

Chief Executive's Introduction

I am delighted to introduce the Annual Report and Accounts for 2019/20.

Our Corporate Plan 2019/20 was the second year under the refreshed IPO Strategy. The uncertainty around our departure from the EU in 2019/20 has been challenging, but we have continued to deliver high customer satisfaction; achieve our key targets around timeliness for trade marks, designs and tribunals; made good progress in reducing our patent backlog; launched our first new digital enterprise service, a single unified service for renewals; successfully delivered the policy and legal framework to support the UK's departure from the EU on 31 January 2020 and been recognised again as a high performing organisation in the Civil Service People Survey. We met all our targets set by the Minister and have made excellent progress in achieving our strategic goals in delivering excellent IP services, creating a world leading IP environment and making the IPO a brilliant place to work.

The last month of this annual reporting year has been particularly challenging. Like all organisations the IPO has been impacted by the Covid-19 pandemic which has resulted in 96% of the IPO working remotely from March 2020, with very limited access to sites to keep our services operational. Our investment in technology has helped support this and I have been impressed with the provisions teams have put in place to support homeworking, minimising disruption to our services and delivery outcomes.

Although there have been changes in application and renewal levels following the lockdown, including an initial significant fall in trade mark applications this has subsequently recovered and overall income is now in line with forecasts for the first few weeks of 2020/21. We have focussed on our staff's wellbeing ensuring we are all supported and engaged whilst adopting new ways of working. We have swiftly developed new approaches or workarounds to ensure that all of our services continue to be delivered effectively.

We discussed with customers what we could do to assist them, and as a result have announced "interrupted days", which ensures rights holders are not affected if they delay their filings with us. We are also working on emergency fee changes to avoid additional charges for certain late filings for the rest of 2020/21.

This report sets out the detail of our achievements this year and I am pleased to provide my perspective on our performance over 2019/20, with notable achievements including:

Delivering Excellent IP Services

Delivering for our customers is central to what we do at the IPO and we continued to provide excellent customer service, achieving a customer satisfaction rating of 85.6%. We saw an overall increase of 6.4% in trade mark applications (domestic and international combined), an overall increase of 9.9% for design applications and achieved all our targets around timeliness for these two rights. In patents, we met 95% of requests for accelerated processing of patents within two months and continued to reduce our examination backlog by 24%.

We are committed to becoming a truly customer-centric organisation and during the year we implemented a new approach to measuring customer satisfaction, gathering significantly more information about a wider range of customers and launched a Customer Strategy, which explains how we plan to improve the experience of our customers. We have also made progress with our Transformation Programme launching a new digital renewals service for patents, trade marks and designs, which is now processing over 90% of all renewals transactions and received excellent feedback from customers. We know that our complex Transformation Programme will take a further five years to deliver and during the year we reviewed our approach, creating a high-level Roadmap for the next five years.

Creating a World-Leading IP Environment

We are consistently ranked as having one of the top regimes in international indices, such as the 2020 US Chambers of Commerce International IP Index. We have maintained this world leading approach by ensuring we can deliver a strong IP framework and during the year we successfully delivered the policy and legal framework to support the UK's departure from the EU on 31 January 2020. We engaged with our stakeholders throughout, creating short videos and participating in regional roadshows so that our stakeholders could always make well informed decisions around their IP.

During the year we have also increased our understanding on the future challenges for IP around advances in technology, including developing an AI strategy, and we have continued to reach out and educate businesses, young people and universities about the importance of IP. We have embedded policy advisors within Birmingham, Manchester and Oxfordshire and engaged with more than 70,000 businesses on IP and an average of 84% of them felt able to make an informed decision about managing their IP.

Our support to businesses is not just confined to the UK and our attachés across North America, South East Asia, India, China, Brazil and Europe have reached more than 5,000 businesses looking to trade and invest overseas. We have continued to play a central role in reducing crime and infringement both overseas and in the UK and have seen successes in the international enforcement space providing more certainty and security for UK customers when they trade abroad.

Making the IPO a Brilliant Place to Work

The IPO is already a great place to work. We had an engagement score of 68% in the Civil Service People Survey placing us in the top 25% of civil service departments and agencies; continued as a Top 100 LGBT+ Employer within the 2019 Stonewall Workplace Equality Index; Top 30 employer in the 2019 Working Families benchmark and achieved GOLD Investors in People accreditation, alongside their Health & Wellbeing Good Practice Award.

To help continue our journey, we launched a new modern approach to performance management, replacing the fixed performance cycle, and moved towards a new reward and recognition scheme. This has helped our people in having the right conversations and supporting everyone to be their best in work. We also recognise the importance of ensuring that the place of work is an environment where physical and mental wellbeing is upheld. During the year we acted on the wealth of information we received from the MIND workplace wellbeing report to provide further support for our managers, newly recruited graduates and those people suffering from stress and anxiety. To support our ambition of minimising the damage to our environment we completed a piece of work with independent experts to inform us of longer-term alternative energy solutions we could use at our Newport site.

Looking Forward

We will continue to work towards our ambition of being the best IP office and through supporting the UK to be the most innovative and creative country in the world. The IPO has a vital role to play in developing the right IP framework and infrastructure and creating the environment that supports innovation and creativity. That is why, in 2020/21, our focus will be on four key areas: delivering our core services; supporting the UK's independent economic and political future; progressing our Transformation Programme; and understanding the impact of future technology on the IP Framework. Underpinning all of this is our commitment to being a brilliant place to work and we believe understanding and embedding the right culture is central to the delivery of what we want to achieve.

The achievements and successes throughout the year demonstrate our ability to address challenges and demonstrate our commitment to our role of making life better through IP. None of this would be possible without the dedication and hard work of the fantastic team at the IPO - thank you.

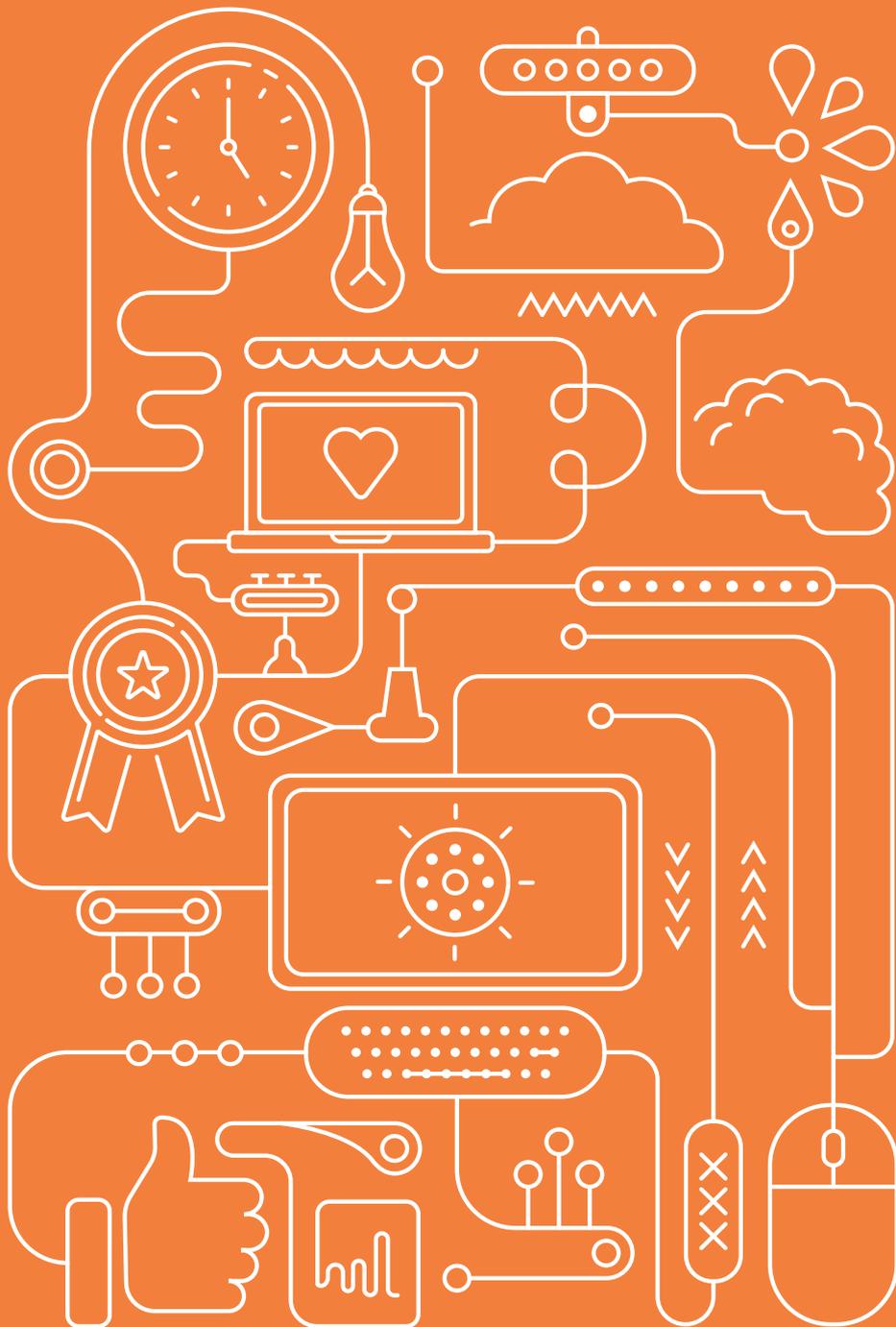


A stylized handwritten signature in black ink, appearing to read 'Tim Moss'.

Tim Moss CBE

Chief Executive and Accounting Officer

8 July 2020



**The Patent Office
Annual Report and Accounts
2019/20**

Performance Report

Part 1: Overview

As the official UK government body responsible for IP rights including patents, designs, trade marks and copyright, the IPO's purpose is 'Making life better by supporting UK creativity and innovation'. The IPO is a Trading Fund and an Executive Agency of the Department for Business, Energy and Industrial Strategy (BEIS).

Our organisation is led by the Chief Executive and Accounting Officer, Tim Moss, who joined the IPO in 2017. The IPO has seven directorates each headed by a director. The IPO corporate governance structure comprises of the Executive Board (IPOB), the Steering Board and the Audit and Risk Committee, each with complementary functions and supported by three sub-committees. Our non-executives provide advice and an external perspective to the organisation and further details of our corporate governance structure is described in our Framework Document¹ and in our Governance Statement. A new version of the Framework Document is to be published in 2020, however no significant changes are expected.

Our Corporate Strategy sets out a framework for how we will support the UK to be the most innovative and creative country in the world. To help deliver the ambition set out in our strategy, we develop and agree an annual Corporate Plan, setting out our key priorities for the year and how we plan to achieve them. The IPO's overall performance is measured against key targets, which are set annually by the Minister, following consultation with the Chief Executive and the Steering Board.

“Our Corporate Strategy sets out a framework for how we will support the UK to be the most innovative and creative country in the world.”

This section of the Annual Report and Accounts reflects the performance of the organisation against our Ministerial Targets and Corporate Priorities set out in 2019/20 Corporate Plan, providing a view of progress and outlining future plans to support achievement of our strategic objectives. Details of the key risks faced during the year can be found in the Governance Statement.

¹ <https://www.gov.uk/government/organisations/intellectual-property-office/about/our-governance>

Corporate Strategy:

IP touches everything that makes modern life more enjoyable, easier, safer, and prosperous. Our work gives researchers, inventors and creators, whether as individuals or businesses, the confidence to invest their time, energy and money in doing something new – making life better.

We are helping the UK to become the most innovative and creative country in the world. In doing this we will:

Deliver Excellent IP Services

Delivering IP services for our customers is central to the IPO. To be the best, we will build on our strengths in rights granting and related services, provide timely, reliable and quality services; develop end to end digital services that support our vision of providing common ‘One IPO’ services and improve our data services, to compare with some of the best provided by other IP offices and private sector organisations.

Create a World-Leading IP Environment

The UK has a world class IP system, but this is only part of the picture. We want the whole IP environment, from the legal and policy framework, to the level of IP knowledge and the ability to protect rights to be world leading and provide incentives to be creative and innovative. We will achieve this through developing the legislative and policy framework; increasing IP’s impact through awareness and education; and reducing IP crime and infringement.

Make the IPO a Brilliant Place to Work

The IPO is already a great place to work, and we want to make it a brilliant place to work, where everyone is dedicated to providing the best services for our customers. Our three key focus areas are: having solid foundations to retain and attract the right people; having a great culture, with shared values and behaviours, a respect of difference and a common purpose; and having healthy people working in a healthy environment.

INVESTORS IN PEOPLE™
We invest in people Gold



Performance Summary

We have achieved our Ministerial Targets and have completed or made significant progress against our Corporate Priorities. Key highlights from 2019/20 include:

- agreeing a Customer Strategy, which sets out our approach to our customers and our ambitions in becoming a truly customer centric organisation;
- launching a new approach to measuring customer satisfaction, which gathers more granular information, more regularly, from a wider customer base and achieving a customer satisfaction rating of 85.6%;
- achieving all our targets around timeliness for trade marks, designs and tribunals and making excellent progress on reducing our patent backlog;
- launching a brand-new digital renewals service for patents, trade marks and designs with 92.6% of all renewals received in March made through the private beta service (a test version prior to a full live launch planned in 2020/21);
- delivering the policy and legal framework to support the UK's departure from the EU on 31 January;
- supporting the UK's 'Get Ready for Brexit' campaign by creating a short number of videos and participating in regional roadshows to engage stakeholders and customers so they could make well informed decisions around IP;
- hosting a successful international conference with WIPO to explore the commercial, legal and economic implications of AI on IP;
- engaging with more than 70,000 businesses on IP and of those that we surveyed an average of 84% of them felt able to make an informed decision about managing their IP;
- launching a new modern approach to performance management and a new reward and recognition scheme helping to develop and support everyone to be their best in work;
- achieving an efficiency outturn of 3.6% and commissioning a report on long term energy solutions for our Newport site to support the ambition of becoming a net zero organisation; and
- achieving an overall engagement score in our People Survey 2019 of 68% and being accredited the GOLD Investors in People Award, alongside it's Health and Wellbeing Good Practice Award.

These are just a selection of the large number of successes over the past year.

We have achieved these whilst managing a number of challenges and risks.

The IP environment remains complex and challenging, with EU exit, international agreements such as the Unitary Patent, developments in AI, fake goods and other IP crimes, and the work of other government departments impacting IP all requiring additional focus and resources, new approaches and rigorous risk management.

The Government confirmed during 2019/20 that the UK would not be participating in the Unitary Patent and Unified Patent Court which was due to have its Life Science division set up in London. We have worked with stakeholders to understand and manage the impact of this decision.

There are long standing difficulties in recruiting specialist staff, especially with digital skills, so we have used new approaches to solve this including partnering with suppliers and interim appointments. We also have a graduate scheme for IT staff and a large intake of apprentices each year to help meet our future needs.

Our ambition to transform all of our services requires new skills, clear aims and messages that all staff can understand and support, and robust planning, governance and prioritisation. All of these are challenging and areas where we have not always been successful in the past, so before we embark on the next steps we are starting with a mobilisation phase to ensure we have the capability and capacity to deliver this programme.

Part 2: Performance Analysis: Review of IPO Business 2019/20

Financial Summary

The IPO continues to grow, exceeding £100 million in turnover for the first time this year.

Income increased by over £12 million, due to several factors:

- patent income continues to increase due to the ongoing rise in the number of patents being renewed, the impact of fee changes introduced in 2018 and the improved productivity at the European Patent Office (EPO). As the EPO clears its backlog, renewal fees become due for those rights holders designating the UK; and
- the rise in trade mark and design applications seen over recent years has continued, providing further increases to our income. Although it is unlikely these levels of growth can continue indefinitely, there is a further increase in trade mark and design applications and renewals expected in 2020/21 linked to leaving the EU.

Operating expenditure increased by £13 million:

- this included over 100 additional staff linked to the increases in our workload; an increase in employer pension contributions from 22% to 28%, together with a small increase in non-pay costs to support the larger workforce.

The current Covid-19 situation is expected to have some financial impact, although following a short dip immediately following the lockdown arrangements, our income is tracking forecasts in the early part of 2020/21. On the spend side, there will be some savings, for example from the building shutdown and reduced travel, together with some increased costs to support home working. These are being carefully managed and monitored.

Ministerial Targets

Our Ministerial Targets are set annually, aligned with wider government objectives and our ambition and strategy. These are laid in Parliament in a written Ministerial Statement. We prioritise our work around these targets.

We measure our performance against these targets and report to our Steering Board, IPOB and committees. This is done through reports outlining: current delivery status; delivery confidence; route to green for any targets reporting amber or red, and an analysis of progress. These are all reviewed and discussed monthly.

Our targets for 2019/20 and performance against these are set out below:

- At least 85% of our customers will rate us 8/10 or higher for overall satisfaction.

Target met: 85.6%

- By the end of March 2020, we want 90% of renewals to be conducted via the new enterprise-wide digital renewals service.

Target met: 92.6%

- 75% of the businesses we reach confirm that they are able to make informed decisions about their IP.

Target met: 84%

- Deliver our services efficiently through continuously improving our systems, processes and ways of working to make things better for customers and our people, reduce costs and improve the value for money we provide. Our target is to achieve efficiencies worth at least 3.5% of our core operating costs.

Target met: 3.6%

-
- In addition to the Ministerial Targets, we are required by HM Treasury to achieve a Return on Capital Employed (ROCE) of at least 3.5%, over a five-year period.

Target Met: 5.7%

Corporate Priorities 2019/20



Delivering Excellent IP Services

As part of our goal of delivering excellent IP services this year we know the importance of developing our understanding of our customers, their needs and what they value. That is why a key focus of this year was to develop a Customer Strategy, setting out a vision of how we will put customers at the heart of the IPO. Our Customer Strategy provides the framework for our dealings with customers, setting a clear set of expectations for customers and staff. Alongside this we are creating a customer unit to support the delivery of this vision. Over the last year we have been making better use of data from customers about our services, with a customer issues dashboard being used to drive improvements in business areas and highlight areas for IT change and transformation.

Information Centre

<p>Customer Information Centre answered</p>  <p>12,002 emails</p>	<p>Customer Information Centre handled</p>  <p>59,301 calls</p>	<p>Customer Information Centre answered</p> <p>80%</p> <p>of calls within 20 seconds</p> 
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Our customers continue to rate our services highly; this year we met a challenging benchmark of over 85% (85.6%) of our customers scoring us 8 out of 10 on satisfaction, with the knowledge and attitude of our people scoring highly throughout. We have achieved this whilst tackling challenges such as increasing demand and ageing IT systems.

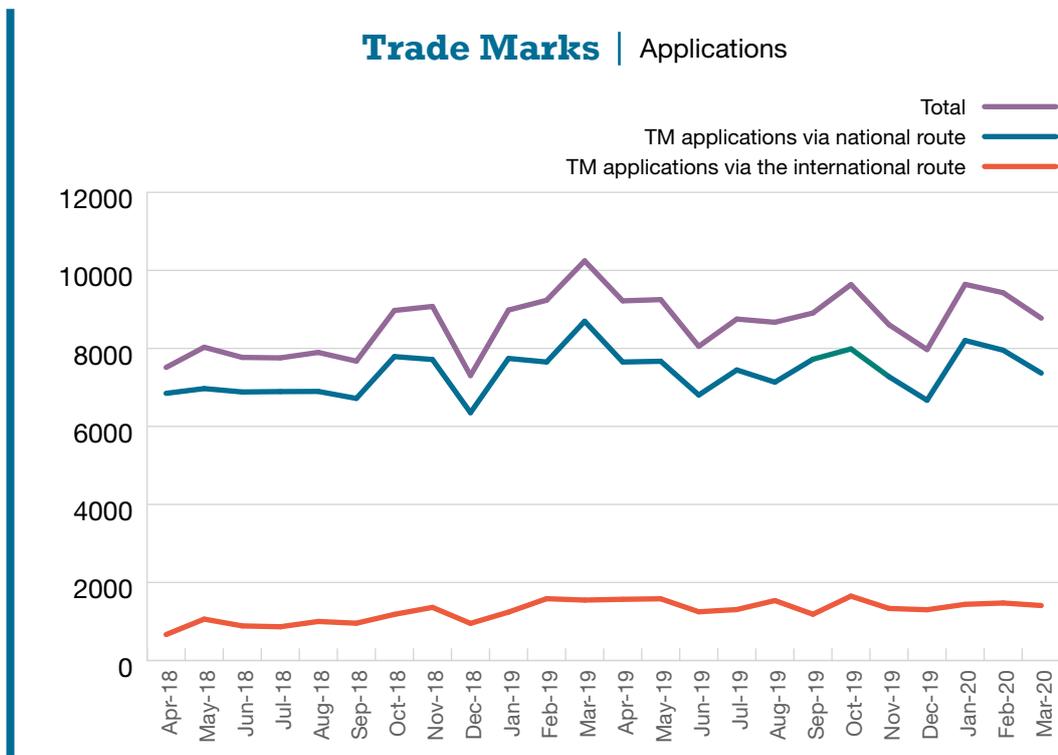
In November we were assessed against the Customer Service Excellence (CSE) Standard, an annual independent review of our customer service operations and processes. We passed the assessment, achieving ‘Compliance Plus’ status in eight areas of exemplary performance, three more than in 2018/19. The review also helped us identify opportunities for further development, which have been factored into our work to build a new Customer Strategy.

In Autumn 2019 we ran a series of six joint IPO/EPO online services workshops, which provided customers with an update on recent developments with our respective online services. This year’s events gave us a valuable opportunity to demonstrate our transformational new IP renewals service to paralegal, formalities and records staff in IP firms and in-house IP teams from across the UK.

Timely, Reliable and Quality Services

We have continued to ensure high quality and timely rights granting, rights management and tribunal services for patent, trade mark and design customers, meeting most of our internal timeliness targets. We have achieved this whilst tackling challenges such as increasing demand and ageing IT systems. This has required sustained effort from our people, who have maintained benchmarks such as the 10-day target for trade mark examination, reduced patent backlogs and improved timeliness on related services; things our customers value.

To gain trade mark protection that specifically covers the UK (as opposed to covering the UK via an EU registration) there are two routes. You can file for a national trade mark via the IPO or request UK protection via the international system (the Madrid system) administered by WIPO, for which requests are still examined by the IPO and we still receive filing fees.

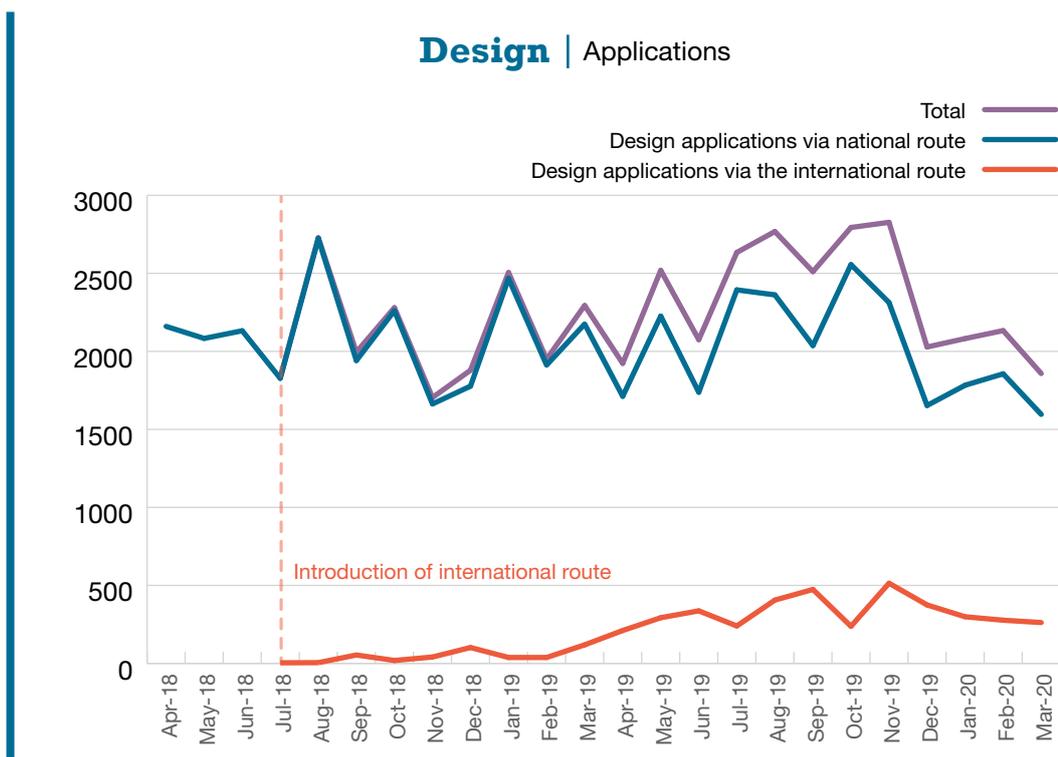


2019/20 saw another record year in terms of trade mark demand. Overall, we received our highest ever input of 106,916 applications, up 6.4% on the previous year. Of these, 89,887 applications were received via the national (IPO) route, 3.1% higher than 2018/19. Growth levels for the national route were projected to be around 5%, however, there was a dip in growth in quarter 3. Growth has not risen as sharply as in the previous two financial years (11.4% and 21% respectively), for the reasons explained below. Designations received via the international route (WIPO) amounted to 17,025 (another record high), 28.1% higher than 2018/19. Similar to national applications, this growth level is less than the previous two years (38.2% and 115% respectively).

The previous growth levels were largely buoyed by a change in filing strategy in preparation for the UK's exit from the European Union – with more applicants seeking specific UK protection by way of either the national route or by making use of the International System to designate the UK. This is now plateauing overall, although we expect there will be further increases in demand the closer we get to the end of the transition period on 31 December 2020.

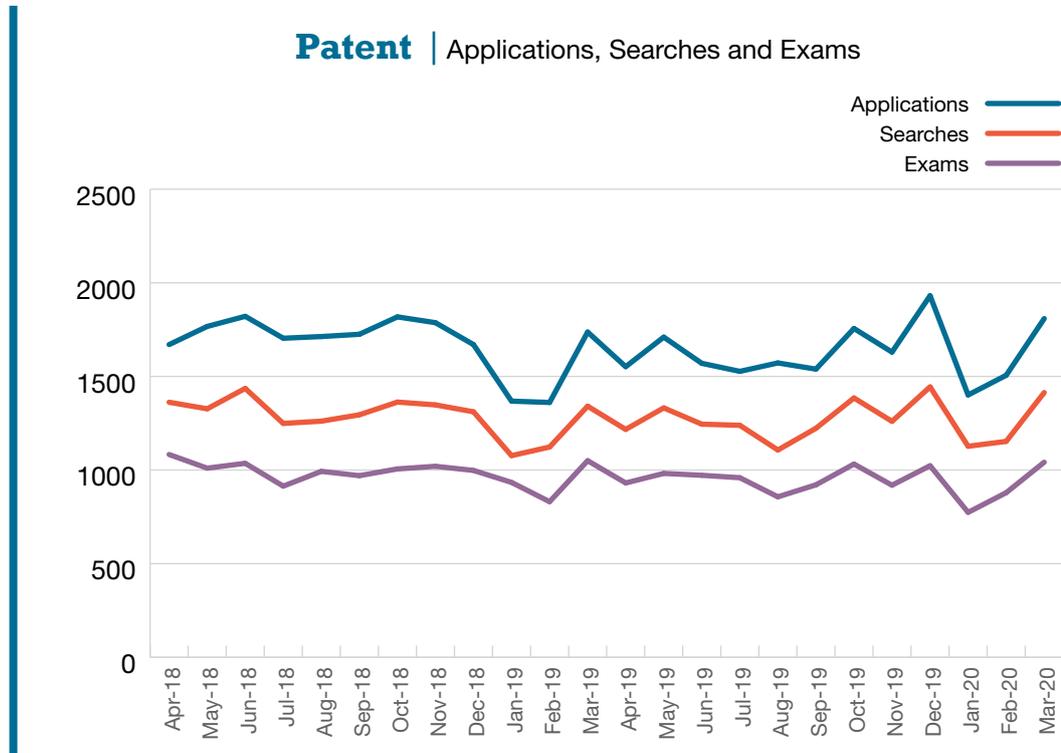
The customer service standard in this area is to issue examination reports within 10 working days of filing. We have achieved this in over 99% of cases. We also have a number of quality assessment processes, the results of which show that we made the correct decision to accept for registration in over 99% of cases.

Similar to trade marks, there are two routes to obtain specific UK design protection, the national (IPO) route or the international route (the 'Hague' system administered by WIPO). The UK is a relatively new signatory to the international route, the first applications received were in June 2018.



2019/20 was a record year for design demand. Overall, there were 28,180 applications, up 9.9% on 2018/19. Of these, 24,254 were received via the national (IPO) route, 3.6% lower than the previous year. However, this drop is offset by the increases in applications via the international route (introduced in June 2018), which amounted to 3,926, an increase of 655%. Essentially, some users have swapped from the national route to the international route. Whilst overall growth has been significant (9.9%), this was not as high as the prior year, which saw a 17.5% increase. Growth has, again, been buoyed by the changes in filing strategy, plus design fees were lowered a couple of years ago to encourage designers to protect their designs.

Design examiners have maintained their timeliness and quality targets.



We received 19,503 patent application requests in 2019/20, a decrease of 3.2% from the 20,141 requests received in 2018/19.

There were 15,146 requests for searches, a 2.2% reduction from the 15,493 received in 2018/19, and there were 11,281 examination requests, a 4.7% reduction from 11,842 in 2018/19.

We delivered 95% of requests for an accelerated two-month turnaround for search, publication and examination against a target of 90%.

In the first two months of this year, search pendency time (time to search from request) was successfully reduced to six months across all areas of technology and we have maintained that turnaround time.

We made progress in reducing our patent backlog, reducing the number of overdue examinations by 24%.

The Tribunal Service has seen increased demand for its service over the past year but has exceeded the target to issue a final decision in 85% of contested patent, trade mark and design proceedings within 12 months, and 92% within 15 months of the proceedings being joined, achieving 85% and 94% respectively.

End to End Digital

Transforming the way we provide IP services to our customers is essential to deliver excellent IP services in the future. We want to ensure that the services we provide support all our customers in an increasingly digital environment and we see it as essential to put our customers at the heart of this work. Our goal is to provide customers with services that are consistent across all our rights, making it easier for them to interact with us in applying for and managing their IP rights and that are comparable with some of the best provided by other IP offices and private sector organisations.

This will be a significant programme of change for the IPO where we will review our processes and organisational design in addition to fundamentally modernising our customer facing services. Our customers have already begun to see its benefits. In July we launched a brand-new digital renewals service allowing customers to renew up to 1,500 patents, trade marks and designs in a single transaction 24/7. Where this would typically have taken more than a week previously, customers now receive confirmation of their renewal through a digital renewal certificate and payment receipt within five minutes. This project has focused on improving the customer experience by providing a simpler, quicker renewals process as well as reducing our costs, through cutting the use of paper correspondence and improving the speed of collection of renewal revenue. This is the first time we have ever delivered a common service for patents, trade marks and designs and it has allowed us to start decommissioning our manually intensive legacy systems. At the start of the year a Ministerial Target for 90% of renewals to be received through the new system was set and we are really pleased that in March 92.6% of all renewals were received through the new service.

We have also deployed a pilot re-apply tool for our trade mark customers. This is the IPO's first customer facing AI tool and will help applicants submit higher quality applications with a greater likelihood of registration.

Our customers consistently tell us that we should prioritise improving our services for managing their details. We had hoped to make more progress on this during the year, but we learned from the discovery phase of an early project ('Manage My') that our overall timescales would be unacceptable if we attempted a phased delivery approach relying on integration into legacy systems. Following our experiences on that project we have amended our overall approach and developed a new high-level roadmap and overall budget envelope for what we expect to be a five-year programme. This will start with an eight-month mobilisation phase, which will ensure the IPO has the wide-ranging capability to deliver a programme of this scale and complexity effectively. Our Transformation Programme remains a core corporate priority for next year.

In addition to our Transformation Programme we have also continued to deliver our core IT services to our customers and for our people, with our customer facing and business critical internal IT systems available for over 99.5% of core business hours. After 18 months of hard work we have made significant improvement with our 'Disaster Recovery' project and in the IPO's ability to recover critical IT services in the event of a major disruptive event. New recovery approaches and technologies have been implemented to allow the IT Operations Team to reach near production levels of capacity and functionality in our disaster recovery site.

Data: Improving Services and Sharing Knowledge

In our strategy we have made a clear commitment to improve how we manage, curate and exploit our data. This is important, and particularly so in how we move our digital transformation forward. We have started to implement our data principles and have focused our work to support the delivery and effective management of digital services with our key areas of focus during the year including:

- build a clear data model;
- develop a transition plan; and
- build the management function/developing a centre of excellence.

Data Principles

- Understand our data and how it helps us meet our objectives;
- Manage our data according to agreed policies;
- Our data will be captured and maintained to ensure its quality;
- Data will be held according to consistent recognised standards;
- Enable the use of our data to build knowledge through research and to improve services for customers;
- Make our data available to the public unless there is a good reason not to; and
- Customers can access and maintain information about themselves.

We have focused efforts on developing an IPO approach to management information (MI) and business intelligence (BI). There is more that we need to do here and an internal audit of our MI/BI processes towards the end of 2019/20 has provided us with some clear recommendations on how to progress this work and we have a set of objectives in our 2020/21 Corporate Plan around this.

Using industry standards, we have successfully delivered data policies and standards, tailored to fit the needs of the IPO. We have defined a data governance framework and are reviewing the best way to implement and achieve a mature data governance function. Data governance will enable the IPO to manage its data and maintain the agreed data quality from capture and ingest throughout its lifecycle to archive and deletion stages. Experienced data management resources are in high demand as a result we are looking to explore different resourcing models.

We have successfully delivered data models to support the organisation's understanding of its current data state to plan the transition of our data from current state to the target. We have mobilised a team of data consultants to establish a target data model to support our transformational aspiration and despite Covid-19 constraints this work is successfully continuing.



Creating a World Leading IP Environment

The UK's IP regime is already recognised as one of the best in the world. We want the whole IP environment, from the legal and policy framework, to the level of IP knowledge and the ability to protect rights to be world leading and provide incentives to invest in innovation.

We recognise the importance of evidence-based policy and to support all our work under this pillar our Economics, Research and Evidence team published eight research reports informing the development of our policies across all IP rights. These include:

- IP filing habits of UK Higher Education Institutions;
- Gender Profiles in UK Patenting: An Analysis of Female Inventorship;
- Online Copyright Infringement (OCI) Tracker Survey (9th Wave); and
- Trade in Counterfeit Products and the UK Economy.

Developing the Legislative and Policy Framework

To ensure we deliver the best possible outcomes on IP we have successfully delivered the policy and legal framework to support the UK's departure from the EU on 31 January 2020. To support and engage our stakeholders on the key changes we have created a short series of videos and participated in regional roadshows, so that our stakeholders and customers are able to make well informed decisions around IP. Our teams have been integral in free trade negotiations with the EU and the rest of the world, ensuring that the importance of IP is reflected. Work has also taken place on our preparedness for independent World Trade Organization (WTO) membership and representation at the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Council after the end of the transition period on 31 December 2020.

We have played a leading role in shaping and improving the global IP systems, in particular by strengthening our international influence through a new IP attaché post established in North America and an additional post in Southeast Asia. Key achievements include:

- securing two UK chairs of WIPO committees, including facilitating consensus on a fit-for-purpose WIPO programme and budget for 2020/21;
- providing support and advice to over 5,000 stakeholders looking to export, invest or operate overseas;
- successfully launching a £3.5m Prosperity Fund project along with the Foreign and Commonwealth Office (FCO) to help support the modernisation of the Brazilian IP office; improving the services available to innovative and creative companies;
- in November we visited China for the sixth Heads of Office visit. During this successful visit we:

- delivered the formal bilateral plan for 2020 with the China National Intellectual Property Administration (CNIPA) and securing strong collaboration mechanisms with all other major IP agencies in China; and
- launched the IP pillar of a £25m Business Environment Prosperity Fund programme led by the British Embassy in Beijing to strengthen legal and regulatory framework in China.
- working alongside the FCO and our international partners to secure the election of a new Director General of WIPO who meets the UK's criteria to drive the international IP debate, bring the WIPO membership together and ensure improved cooperation with the UK; and
- delivering long-term changes in the international IP framework and providing more certainty and security for UK customers when they trade abroad. This includes longstanding engagement with China: resulting in law changes to address one of the most common IP concerns for UK companies; bad faith as grounds for trade mark opposition or invalidation.

We have increased our understanding of the opportunities that future technology can have on our IP framework through leading discussions with other IP offices across the world and hosting a successful international conference with WIPO to explore the commercial, legal and economic implications of AI on IP. As part of the Government's commitment in its Industrial Strategy to put the UK at the forefront of AI and data revolution, we have developed and agreed an AI Strategy. The goal of the strategy is to ensure that the UK's IP framework incentivises the development and adoption of AI technologies by;

- building business and consumer confidence in how the IP framework treats AI;
- growing IP skills among AI developers and researchers, to ensure the necessary awareness is embedded at the outset; and
- playing a lead role in international efforts to understand and address the questions AI poses for the IP framework.

Last year, BEIS set up the £10m Regulators Pioneer Fund (RPF) to help address barriers to innovation in the economy. The IPO was one of 13 organisations to secure funding and used it to explore how AI solutions could enhance and modernise the online filing process for IP rights. We ran two projects with this funding:

- a research study seeking to understand the feasibility, technical complexities and effectiveness of AI-assisted patent prior art searching (a research paper was published in April 2020). The research highlighted the importance of a human-centred approach, using the expertise and experience of patent examiners as the key decision maker with AI providing intelligent decision support. Using AI to supplement, not substitute, human expertise and judgement maximises performance, and the experimental study showed that AI assistance for patent examiners could reduce the time and cost of patent prior art searches, in particular the process of sifting through a large number of patents; and

- creating a production system utilising AI for recognition of earlier trade marks and designs – A proof-of-concept was developed, which has resulted in two new tools for the IPO; an external web-based tool for novice users that helps educate, guide and advise on trade marks and the application process utilising AI and educative content to flag areas of possible objection, and an internal tool for trade mark examiners that helps make the examination process more efficient utilising the same AI technology. Both of these tools are now in user testing. A proof-of-concept system for designs has also been created.

Increasing IP's Impact Through Awareness and Education

Having excellent IP services and a world leading IP framework is not beneficial if people do not understand how to access and use them. During the year, we have continued to work hard to increase IP awareness so that businesses, universities and research institutions understand how to use IP effectively, engaging with more than 70,000 businesses on IP and 84% of businesses we reached and surveyed confirmed that they have made an informed decision on their IP, against a target of 75%.

“During the year we progressed work on our review of the enforcement framework, which seeks to understand if our legal framework is effective, consistent and proportionate across all IP rights.”

We have developed a new IP Knowledge and Exchange policy, which will ensure our resources and campaigns are targeted effectively at universities and research institutions. We have continued to support HM Treasury to understand and improve the development of knowledge assets in the public sector. This has included committing to leading on education and awareness raising, while leveraging our data and analytics capability in support of the project goals and using our convening power to build a network of those with IP experience within Government.

We successfully launched a new platform to host our business and education tools in July, which is helping us to understand our audiences better and give us clear information about how we can better tailor our messaging. We have also continued to understand the impact of our tools and services for young people, completing an education review to identify opportunities to increase the social and economic impact of IP education. This has led to the development of a new policy approach in this area.

We have worked hard to strengthen IP's role as an asset to unlock investment by supporting business growth through our work with Local Enterprise Partnerships and Growth Hubs, establishing three full time, jointly funded, regionally based policy posts (Manchester, Birmingham and Oxford) helping to integrate IP into local policy making through Local Industrial Strategies and building IP capacity and confidence amongst business advisors. We have continued to address the findings of our joint HM Treasury/British Business Bank 2018 report helping to unlock IP lending. We have worked with IP valuers to research how IP valuations change over time and we have continued our discussions with banks about how businesses that have IP manage loans.

Reducing IP Crime and Infringement

During the year we progressed work on our review of the enforcement framework², which seeks to understand if our legal framework is effective, consistent and proportionate across all IP rights and facilitates easy access to justice for all types of businesses and entrepreneurs. To support this work, we held a successful public recruitment campaign in July for volunteers to join the Enforcement Framework Review working group. This group identified three key issues:

- costs of legal challenges;
- accessibility and effectiveness of judicial processes; and
- online infringement.

Whilst the working group has been working through these issues, we have been able to finalise the initial draft of the Call for Views document, which will enable us to understand stakeholder opinion. Unfortunately, progress in this area has been delayed due to central government restrictions on publications which do not relate to the Covid-19 crisis and this key piece of work will be carried forward into 2020/21.

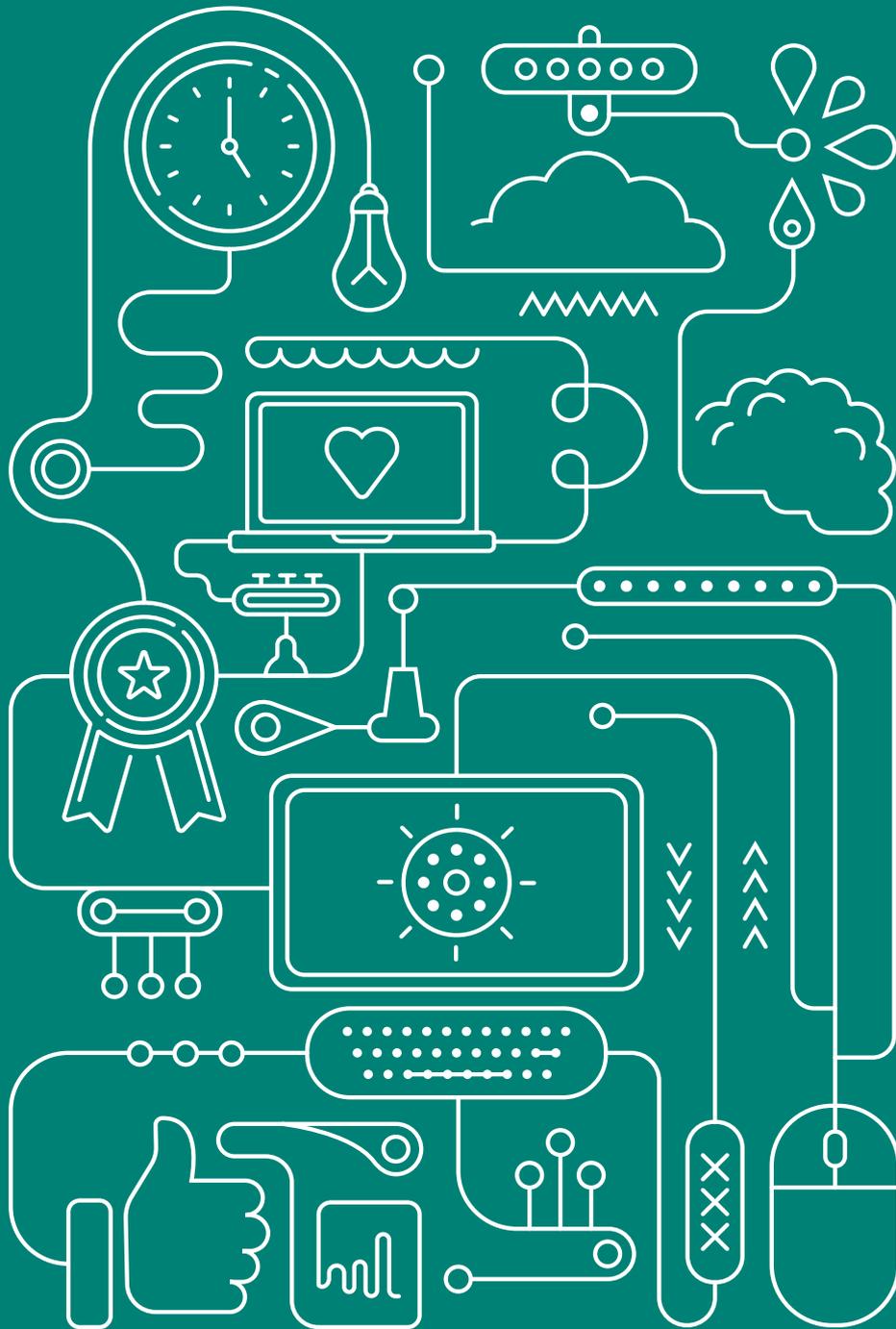
We have continued to provide strategic leadership in the enforcement space both in the UK and internationally with key highlights including:

- the IPO Intelligence Hub being involved in the seizure or restraint of over £2.26m in proceeds for IP crime including us supporting an investigation into two UK based traders that had shipped over £2m worth of fake car accessories, toys and musical instruments from the Far East. These were then sold to consumers through online retailers. We worked with the WRi brand protection and supported them by conducting intelligence enquiries in relation to the trader involved, the information was passed onto Trading Standards in what was described as their biggest ever operation;
- the Police Intellectual Property Crime Unit (PIPCU), through its work with Nominet, suspended nearly 32,000 sites selling counterfeit products. PIPCU's estimate of the losses incurred as a result of the existence of these websites is £191million;

2 <https://www.gov.uk/government/publications/protecting-creativity-supporting-innovation-ip-enforcement-2020>

- new and innovative research with the completion of the Availability Index. This innovative new project looks to take periodic snapshots of the counterfeit goods being made available for sale at outdoor markets. These measurements give insights into trends in the supply of goods into the market, and the effect of any enforcement action. We had hoped to expand this to an online index as well but our research during the year has indicated that it is not clear if we can add value in this space without incurring disproportionate cost. This is an area we plan to investigate further as part of our new Enforcement Strategy; and
- the IPO funded training for Trading Standards teams across the UK. Introduction to IP Enforcement, Masterclass and Private Prosecution training has been delivered to over 250 officers.

Shifting attitudes towards IP infringement is vital in reducing IP crime and infringement. During the year we supported a campaign highlighting the danger of counterfeit automobile parts and a key focus for 2020/21 will be to develop a campaign approach to deliver behaviour change across a broader spectrum of infringement. Initial work has identified beauty and hygiene products as a suitable area for a pilot study and a campaign plan is now being developed.



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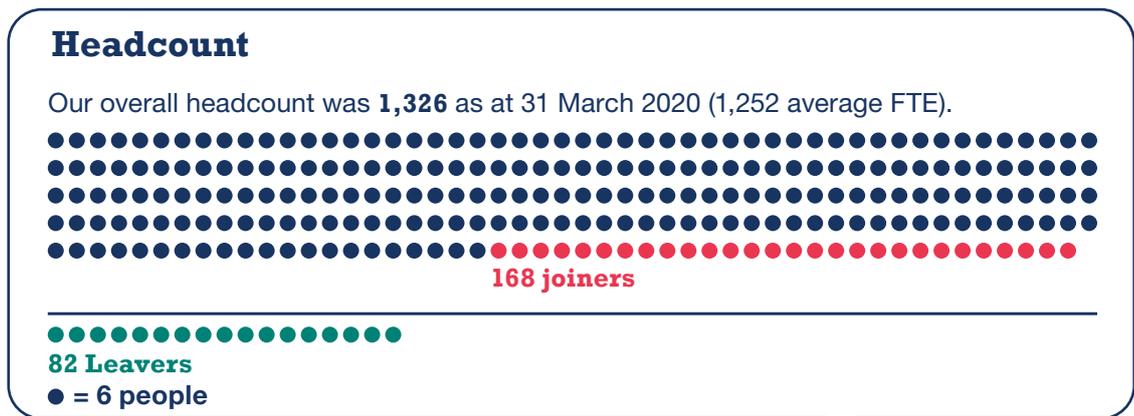


Making the IPO a Brilliant Place to Work

The IPO is already a great place to work and we want to make it a brilliant place to work, where everyone is confident to be themselves and supported to do their best.

Solid Foundations

During the year we have progressed work to ensure that our organisational structure is fit for purpose now and through transition to our new digital future. We ran 184 recruitment campaigns, recruited 168 new members of staff in key areas to meet specific skill and capacity requirements, including trade mark examiners, patent examiners, and IT specialists. There were 82 people that left the organisation, resulting in an overall headcount of 1,326 at 31 March 2020 (1,252 average FTE).



Work to scope and define the IPO’s future Target Operating Model (TOM) has been considered by IPOB throughout the year and the decision taken to align the detailed organisation design work with the phasing of delivery in the Transformation Programme, so this will continue into 2020/21. Ensuring we continue to understand, plan for and fulfil a rapidly growing demand for skills and resource in a very challenging environment (EU Exit; increased demand in trade marks and designs; transformation activity such as AI and renewals, mobilisation etc.) has, however, remained a key priority.

We invested time and attention into enhancing our workforce planning tools, capability and processes. Going into the next financial year we have a single source of people data; automated reporting and a corporately agreed approach to workforce planning and the governance that underpins it.

We recognise the importance of ensuring our people's skills are fit for the future and prioritise investment in talent and learning. Our Talent and Learning team and programmes have been nominated finalists for a number of awards³ this year, reflecting the wide-ranging work that the team have been involved with. Some key highlights to note include:

- a range of training programmes including the Managers Foundation programme, A Grade programme, the Transformational Leadership programme and Performance Management workshops;
- a pilot Institute of Leadership qualification and an IT User qualification, with a view to developing these further across the business;
- a sixth cohort of apprentices with 11 individuals being placed across the business to study for a Business Admin Apprenticeship. Alongside being able to work within our teams, the apprentices are supported throughout their time at the IPO to ensure they also gain skills and experience to help support them within a business environment;
- several internships (four Change100 internships as well as one Summer Diversity internship (SDIP)) as part of our approach to attracting students to careers in IP and supporting diversity; and
- innovative work on understanding the return on investment from our training programmes allowing us to analyse the impact of our investment in our talent and learning programmes.

We have taken significant steps to improve organisational knowledge and information management, which requires high levels of engagement and behavioural change. We agreed to move to Microsoft Office 365 as our corporate information management solution. We have developed clear and comprehensive Knowledge and Information Management (KIM) policies and guidance for applying these to the technology we will be implementing. The KIM team engaged with the organisation on changes being made in this area and are developing training and awareness raising activities, which will be rolled-out during 2020/21. We will also be conducting full information and knowledge audits with a view to improving our KIM maturity, and the accessibility, sharing, use and re-use of our knowledge and information consistently across the organisation.

The Continuous Improvement (CI) team has broadened its outreach and now supports teams in every directorate across the IPO. We have assessed a further 18 teams as having achieved a CI culture and mindset and the IPO has made over 230 incremental improvements to the way we work. The IPO plays a pivotal role across Government in this field, with our CI team winning the "Promoting a Better Culture" award at the All Wales CI awards in April 2019 and is leading on work aiming to establish a Civil Service CI profession.

³ Nominated in the prestigious CIPD Wales Awards for Best In-House Team (Highly Commended) and Best L&D/OD Initiative (Transformational Leadership); Shortlisted in the Investors in People Awards for Best L&D team, and the Leadership & Management award for Transformational Leadership; and Nominated in PPMA awards as Public Sector of the Year and Best Learning Initiative of the Year (outcome pending).

We achieved efficiencies equivalent to 3.6% of our baseline costs. This comes from two main types of efficiency: commercial benefits through improved supplier contracts and spending reductions, and increased productivity supported by our systems developments and continuous improvement activity. Commercial benefits totalled £2.0m this year and included improved commercial outcomes around our facilities management, travel arrangements and key IT contracts. Increased productivity included significant growth in the number of trade marks registered, which provided an additional £1.2 million income for a relatively small increase in costs of £0.2 million.

Culture: One IPO

Being the best IP office requires shared values and behaviours, a respect for difference and a common purpose, all of which will help us thrive. We recognise that to support these shared values and behaviours and to be able to use them in our daily conversations we need to have the right tools in place.

We launched a new modern approach to performance management. The new framework replaced the fixed performance cycle with goals that fit and are aligned to 'The Deal' (shared principles that enable successful interactions with each other: Respectful; Accountable; Confident; Reasonable; Pragmatic); ongoing regular performance conversations to discuss progress against goals; feedback; development, all looking to help, stretch and support us to deliver our best work. To support the new performance management framework, we launched our new reward and recognition scheme, 'Recognising Your Best'. This replaced the end year top 25% awards with a continuous, in the moment approach enabling managers and colleagues to recognise more of our best outcomes and behaviours as and when they happen.

During the year we have also worked hard to create an inclusive culture and environment. We are part of a series of network and allies' groups and our commitment to diversity and inclusion has been recognised through a number of awards⁴. As part of our work for this year we have focused on enhancing our interventions to increase the representation of women in our science, technology, engineering and mathematics (STEM) roles. Although women make up nearly half of our workforce, the majority of them are in non-specialist roles. Our patent examining roles attract higher salaries due to their specialism, however, only 22% of these are taken up by women. Although this issue is not exclusive to the IPO, we need to address any perceived barriers that are preventing women from pursuing a career in STEM.

On the 31 March 2019 (our last published figures), our Gender Pay Gap was as follows:

- mean pay gap: 21% in favour of men
- median pay gap 32% in favour of men

⁴ For example: we were placed 25th in the Top 100 Employers list for the Stonewall Workplace Equality Index; within the top 5 in Government (with our LGBT+ Allies network ranked Highly Commended by Stonewall); Top 30 in the Working Families Top Employers Benchmark Index; and we retained our Chwarae Teg Silver Fairplay Employer level this year for gender equality.

The comparison of mean and median pay in the IPO shows a gap in favour of men which is higher than the national pay gap which is 17.3% (median), but not dissimilar to the gender gap in the field of IP where females specialising in STEM roles are consistently under-represented. According to estimates based on the Office of National Statistics' Labour Force Survey and compiled by the WISE Campaign (2019), women make up only 24% of the UK core-STEM workforce.

A high proportion of women are part-time and employed at lower grading levels in support roles (corporate and operational) which skews the average. 68% of our part-time workers are women.

We recognise that the significantly higher proportion of men within our more highly paid technical specialist cadre, results in a material gender pay gap based on the required reporting methodology. We also recognise that the greater proportion of men in our highest grades is also reflected in the gender pay gap analysis. The IPO is committed to fair pay irrespective of gender and this is echoed in our annual inclusion and diversity report. It is something that we, as an organisation, take very seriously and reducing our gender pay gap will be a priority focus for our brilliant place to work strand in 2020/21.

We are actively seeking to recruit more women into our specialist roles with the support of our STEM ambassadors and our Women's Network. Work to date has covered:

- partnering with organisations such as Chwarae Teg to review job adverts, job descriptions and our general approach to recruitment;
- producing more targeted STEM content for social media channels and investing in a new website, which gives an opportunity to show the IPO as an inclusive employer;
- a programme of work to raise the profile of patent examining as a career, seeking out more opportunities to speak at schools, universities and take advantage of media opportunities;
- Senior Patent Examiner Hazel Thorpe was announced as a Welsh Women in STEM awards finalist;
- using gamification during recruitment campaigns to eliminate all sources of bias; and
- using challenge-based recruitment software in our IT areas to level the playing field, adding flexibility and fun to the process, ensuring selection is based on ability instead of confidence.

We are also committed to a zero-tolerance approach to bullying and harassment. The 2019 People Survey results highlighted a similar level of response to the previous year of people experiencing bullying, harassment or discrimination within the IPO. Although comparable to levels elsewhere in the Civil Service, we are clear that nobody should be subjected to bullying and harassment and that we have a zero-tolerance approach. To support our efforts, we have (amongst other things) held training sessions around a board game designed to encourage debate and discussion on difficult scenarios and promoted anti-bullying week in November highlighting the Respect at Work toolkit and support systems available to our people. This remains a corporate priority in support of our zero-tolerance approach.

Healthy People, Healthy Environment

The place of work must be an environment where everyone feels safe and we feel it is important to create a place where physical and mental wellbeing is upheld. Part of this is providing the right working environment for our people to support the work that they are doing. We successfully relocated our London premises and have been utilising space in Aldgate Tower for court and tribunal cases. Since the end of the year we have exercised a break clause for our Aldgate Tower premises, which means the lease will end in February 2021.

In Newport, the home of our headquarters (Concept House), we have continued to work with our site neighbours and tenants to develop accommodation improvement proposals. We have also completed work at Nine Mile Point (our storage facility) to free up storage space, which can now be shared with other government departments. Work is continuing to review our accommodation strategy, especially in light of the Covid-19 impact on working arrangements.

We have excellent provision of support for the mental health of our people, including a network of mental health advocates, a mental health toolkit, and a mental health champion on IPOB. Our Mental Health Strategy outlines our commitment to tackling mental health and the practical support we provide. Good physical health also leads to good mental health and we recognise the importance of supporting the physical wellbeing of our people, providing a range of initiatives here as well. Our on-site exercise classes and health checks are always popular and this year we have provided a range of talks by expert speakers on a number of health concerns.

As part of ensuring the wellbeing of our people we monitor our sickness absence closely and we have an internal target of 6.5 average working days lost per person. This year we lost an average of 7.3 working days, slightly higher than last year's figure of 6.0 working days. The increase is due to absence relating to mental health, which coincides with efforts across the IPO to raise awareness of this important matter, particularly following last year's 2019 Gold MIND index award. To address the increase and help manage our sickness absence we have:

- continued to take part in Civil Service day one support measures for mental health and musculoskeletal disorder absences as they are the leading causes of ill health in the Civil Service and the IPO;
- we completed 87.5% of return to work interviews with those who were absent;
- updated our supporting attendance policy and began initiatives to help managers engage with proactive and supportive management tools and techniques, including reviewing how early occupational health intervention and management support can help reduce absence figures and improve impact on business delivery; and
- started active tracking by HR reporting figures to directors on each directorate.

Sustainability and our impact on the environment is very important to us. During the year we saw paper usage fall by a further 8%, which means that the IPO is using around 60% less paper than in 2009/10 and have worked with our site partners towards the total removal of single use plastics (e.g. disposable coffee cups) from shared areas. One of our key corporate priorities for the year was to commission a report on green energy solutions for our Newport site. In order to become a net zero organisation, we need to start planning now and consider new technologies. That report was delivered, and its recommendations will form part of our priorities for 2020/21.

Corporate and Social Responsibility

Our work on Corporate Social Responsibility (CSR) continues to be part of the culture for the organisation. Through this we create opportunities for our people to contribute to the community and be part of events and projects, which are outside of their usual field of expertise.

As an organisation we allow up to six days a year where our people can get involved in community activities such as school governors or volunteering. This reporting year, staff have taken part in many of their own volunteering opportunities, including assisting their local schools, Scouts and British Transplant Games. In addition to this, we run CSR events our people can join, including mock interviews with students and reading and numeracy programmes at local primary schools.

We organise corporate events where teams complete projects and tasks for the community, for which other resource is unavailable. In the past year this has included decorating and gardening for local schools and taking part in litter picks and beach cleans.

We have established relationships with a number of local organisations and provide support for them on a regular basis. This includes the National Trust; a local food bank; The Prince's Trust; a sheltered housing complex; Llamau charity (that helps women and young people facing homelessness); Dean Farm Trust animal sanctuary; Newport City Dogs Home; manual labour on the Brecon Beacons and Tredegar House (woodland planting and clearance groundwork). We also take part in Cancer Research Wales' annual Christmas charity gift wrapping service.

As part of our Business Class programme we support a local comprehensive school, St Julian's. This year, we hosted a Global Conference event to help support students in their Welsh Baccalaureate studies. Other successful events saw our STEM ambassadors run a 'Girls into Science' event, which gave a group of St Julian's students an insight into the type of careers they can follow in the STEM area. The ambassadors also organised a 'Green Power Challenge', where young people use STEM subjects in a unique challenge to design, build and race an electric car.

We are aware of our responsibility to combat modern slavery and have made a risk-based assessment of our supplier chain. No areas of high risk were identified.

We are committed to operating a framework for the prevention and detection of fraud, bribery and corruption, and any suspected cases will be thoroughly investigated and may result in appropriate disciplinary action or referral to police where substantiated.



Over £6,500 was raised for Mind and Mind Newport in the 2019 Charity of Choice campaign, where we worked together to raise money for a charity chosen by our people. We held a number of events including a special IP Matters edition of Mastermind, bake sales, crafters' afternoons and a Frost Fayre where traditional games such as 'hoopla' and a coconut shy were on offer. In October, 20 IPO people, including a number of our Executive Directors, completed an abseil from Newport Transporter Bridge from a height of over 242ft.

At the end of 2019, we presented Mind with the money raised. For the 2020 calendar year, our Charity of Choice is Alzheimer's Society, and we will focus on both fundraising and awareness-raising of the important work of this charity.

Environmental Matters

Environmental management remains a priority for the IPO. We have continued to maintain our certification to the ISO 14001:2015 standard and are regarded as an exemplar organisation in terms of our ISO performance. Interest from our employees in environmental matters has steadily grown over the year in line with the public mood and we are starting to harness the enthusiasm that brings.

2019/20 was the final year of the 2010 Greening Government targets and this gave us an opportunity to reflect on the progress made and to plan for the new targets, which are currently being finalised. We presented our thoughts to IPOB in February and are incorporating their recommendations into our plans. We included biodiversity for the first time this year.

We introduced a wild flower area to the Concept House grounds and are planning to install bee hives at the beginning of the next financial year. We provided a report of our activities to Welsh Government to meet our obligations under the Environment (Wales) Act 2016.

Carbon Emissions from Offices

Covid-19 has reduced travel, both commuting and business travel, to practically zero. Before the pandemic, we had various initiatives underway, which are described below. The current situation provides a once in a generation opportunity to improve our carbon and other impacts; we will take this forward during 2020/21.

Due to the efforts of our maintenance teams over the past few years, our heating and power systems are working efficiently and there are relatively few improvements left for us to consider. We have, however, seen a significant decrease this year in electricity consumption and costs of around 18%. These savings are due to the efforts of our IT team who were responsible for the decommissioning of old IT servers and related devices as part of their programme to modernise our technology.

We have focussed on longer term solutions, which led us to commission a report on green energy solutions for Concept House. We worked with independent experts and presented their recommendations to IPOB to agree next steps. The report recommended that we consider heat pumps that use the excess heat from our data centre and also solar panels as these will provide the greatest savings in terms of cost and energy efficiency. During the next financial year, we will work with internal and external stakeholders to progress this work.

Long standing issues with gas metering have now been resolved. This years figure also reflects an element of re-adjustment against last years figures. We are now on track and expect accurate usage figures going forward.

		2015/16	2016/17	2017/18	2018/19	2019/20
Tonnes CO₂	Gas	182	131	206	171	241*
	Electricity	1445	1297	1279	855	635
Related Energy Consumption (kwh)	Gas	989,052	715,249	1,120,473	928,975	1,313,780*
	Electricity	2,891,936	2,886,723	2,846,408	2,782,104	2,289,060
Financial Implications (£)	Gas	128,058	66,800	117,319	124,462	89,902
	Electricity	379,934	420,783	421,863	464,231	391,058
	CRC Efficiency Scheme	29,864	29,614	28,603	19,672	n/a

* These figures are estimates

Carbon Emissions from Travel

The IPO Sustainable Travel project completed this year. This was managed by our Leadership Development team and was initiated to look at the culture surrounding how staff commute to work at the IPO, changing the hearts and minds of staff, encouraging them to commute in a more sustainable way. A list of options was produced, which have now been passed to the Sustainability team for implementation.

Efforts to launch a joint car share scheme for all organisations that share our Newport site have taken longer than expected. We are keen to implement this as our car share scheme, although popular, has always been limited in that only IPO staff and tenants were able to use it. Technical barriers have now been overcome and we are looking to launch the scheme as soon as we are able.

The IPO has traditionally had a large and enthusiastic cycling community and we see this as an area where we can further encourage people to reduce their reliance on cars. We are in the process of applying to Cycling UK to become a cycle friendly employer. We believe this will help us further promote cycling within the IPO in a positive way with the support of cycle to work experts.

Many of our people commute to work along the M4 corridor and are aware of the highly publicised congestion in this area. We are major stakeholders in the project to look at possible solutions to transport problems on the M4 in South East Wales and make recommendations to the Welsh Government. The South East Wales Transport Commission, who are leading this project, visited the IPO to gather the views of the IPO and other local businesses and are keen to continue this engagement in the next financial year.

Domestic business travel has shown a general reduction on last year's figures as our people take more advantage of virtual means of communication.

		2015/16	2016/17	2017/18	2018/19	2019/20
	IPO Owned Vehicles	3,410	3,320	3,220	3,210	2,603
Non-Financial Indicators (kg CO₂)	Air Travel	4,580	10,000	5,130	5,390	3,100
	Rail Travel	44,100	39,830	32,890	43,370	26,890
	Road Travel	65,220	41,550	50,480	47,590	44,170
	Taxis	3,290	2,430	1,760	1,800	1,880
Financial Implications (£)	Travel Expenditure (UK)	723,354	650,930	675,526	811,359	661,178
	Travel Expenditure (Overseas)	439,902	361,453	358,850	305,995	352,905

Use of Finite Resources (Water and Paper)

Water usage has seen a small decrease on last year and is within good practice levels at the rate of 4m³ per FTE.

The rollout of remote devices across the IPO has contributed to further reductions in internal paper usage. During the year we saw this fall by a further 8%, which means that the IPO is using around 60% less paper than in 2009/10.

		2015/16	2016/17	2017/18	2018/19	2019/20
Non-Financial Indicators	Water Consumptions (m ³)	5,208	8,574	5,055	5,406	4,951
	Paper Consumptions (A4 Reams Equivalent)	8,270	8,005	7,500	6,650	6,118
Financial Implications (£)	Water Consumptions Costs	24,522	25,730	19,426	19,474	21,891
	Paper Costs	21,365	20,804	22,445	29,672	24,285

Waste

Waste has generally remained at consistent levels this year except for recycled waste, which has shown a large increase compared to last year. This can be attributed to a file destruction exercise, which saw our levels of paper waste increase at the beginning of the year. We also recycled a significant amount of IT equipment during the year.

We continue to work with our neighbours towards the total removal of single use plastics from shared areas on our Newport site. We were one of the first government agencies to remove disposable coffee cups and since then, we have removed single use plastic cutlery, straws and soup bowls. Takeaway food containers proved more difficult, but we now provide re-usable versions in catering outlets throughout our Newport site.

Our Transformation Programme is making good progress. This is our highest priority post EU Exit and will give our people the skills and tools to thrive in a digital workspace. We would expect to see further reductions in paper usage as a result.

	2015/16	2016/17	2017/18	2018/19	2019/20	
Non-Financial Indicators (Tonnes)	Total Waste	149	185	393	204	301
	Waste to Energy			60	70	71
	Re-used/Recycled	79	120	263	104	188
	ICT Recycled and Reused	1	2	2	1	15
	Waste Composted	4	4	4	4	4
	Landfill	70	65	64	25	23
	% Recycled	53%	65%	67%	53%	68%
Financial Implications (Disposal Costs (£))	Total Waste	23,038	23,152	40,880	37,664	39,128
	Re-used/Recycled	12,640	10,709	26,566	27,257	35,734
	Landfill	10,398	12,443	14,314	10,407	3,394

Information and Cyber Security

Our Security Strategy and security policy detail our approach to the security of information across the organisation, including cyber security. The Government's Security Policy Framework (SPF) outlines how we manage information to minimise the impact of incidents and ensures the focus on business continuity. The IPO is ISO 27001:2013 certified for all systems owned by the IPO and has recently expanded the scope of this certification to cover all IPO systems and physical office locations. We manage any security incidents in line with our information security policies and ensure continuous improvement following these. Where breaches occur a root cause analysis is performed, and further safeguards are implemented to prevent reoccurrence. No serious breaches of security have occurred due to malicious activity during the year.

This reporting year has seen a focus on increasing the granularity of reporting from our people and systems. To deliver this we designed and released a new security incident reporting tool to streamline the process and ensure the reporting capability is at the fingertips of all our staff directly. We have seen great success with increased reporting and granularity statistics being provided but maintaining the status quo of no breaches due to outside malicious activity.

A report covering security incident volume, issues and remedial action is considered by the Chief Security Officer (CSO) in the monthly security meeting and reported to Brilliant Place to Work Committee. A total of 160 incidents and breaches have been recorded this year (27 data; 82 personal data; 51 security incidents).

The IPO Secure team maintains responsibility for delivery and oversight of all security through the CSO who reports to IPOB's Security Advocate and People, Places and Services (PPS) Director on behalf of the Accounting Officer. Annual information and cyber security training is provided for all our people, including our executive and non-executive directors.

A strategic change to our penetration testing methodology has resulted in advancements in our assurance of systems and maintenance. We have moved from an annual testing cycle to monthly, which has reduced the number of negative findings and the time taken for remediation. IT's proactive approach to this new testing methodology has been a great success through gamification of this engagement.

To help shape our progress towards data protection by design and default, we engaged a third-party to undertake a gap analysis at the beginning of this year. In responding to their assessment, we prioritised data sharing where the report highlighted there was more to be done to demonstrate compliance. Throughout the year our data protection manager has engaged across the IPO with interested parties and provided regular updates to executive directors. We now have a detailed understanding of where all these arrangements are taking place and where further work is necessary. An agreed action plan for continuous improvement is in place.

We are considering what an appropriate challenge of the IPO's level of compliance for data protection on an ongoing basis would be and expect to introduce a framework in the coming year.

We continue to meet our statutory obligations in responding to freedom of information requests, this is demonstrated by no cases having been reported to the Information Commissioners Office during this year. A total of 106 requests were received, which is 10% down on the previous year and 40% on the year before. No explanation can be attributed to this decline.

Of these requests, 29% were answered in full; 36% in part and 20% were refused. In 10% of requests received, the IPO was found to hold no information, and the remaining 5% were withdrawn by the requestor. Only seven of our responses generated a request for an internal review, which forms part of our complaints procedure.

Our Plans for 2020/21

The Corporate Plan 2020/21 details what we want to deliver for the year to progress our strategic aims of: delivering excellent IP services; creating a world leading IP environment; and making the IPO a brilliant place to work. We have identified four key priority areas that are essential for us to deliver on during the year:

- delivering our core services. For the UK to be the best place to start and grow a business we must ensure that we continue to grant IP rights on time and to high quality meeting the expectations of all our customers;
- supporting the UK's independent economic and political future. Working across Government to ensure that in trade negotiations we retain the flexibility to develop our IP system in line with our domestic priorities and supporting businesses to understand the implications on IP of the UK leaving the EU;
- our Transformation Programme. Transforming the way we provide our IP services to our customers is essential to deliver excellent IP services in the future. We want to ensure that the services we provide support innovative businesses in an increasingly digital environment and we will put our customers at the heart of this work; and
- understanding the impact of future technology on the IP framework. Helping the UK Government solve the grand challenges facing our society and unleashing innovation.

2020/21 Ministerial Targets

We have agreed with our Minister four performance targets for 2020/21, which are focussed on the delivery of our key priorities:

Delivering our core services

- at least 85% of our customers to rate us 8/10 for overall satisfaction;
- delivering our services efficiently through continuously improving our systems, processes and ways of working to make things better for our customers and our people. Our target is to achieve efficiencies worth at least 3.5% of our core operating costs.

These targets are repeated from 2019/20, however we have implemented a new method of reporting customer satisfaction to give us a deeper understanding of how customers are experiencing our services.

Supporting the UK's independent economic and political future

- we will have created equivalent UK rights from existing EU trade marks and designs to the UK register on 31 December 2020.

Understanding the impact of future technology on the IP Framework

- we want to ensure that the UK's IP Framework incentivises the development and adoption of AI technologies, supporting the Government's ambition of putting the UK at the forefront of the AI and data revolution. We will do this by developing our understanding of how AI impacts the IP Framework through launching a call for views and publishing our response so as to provide the clarity of our customers need to confidentially invest in AI.

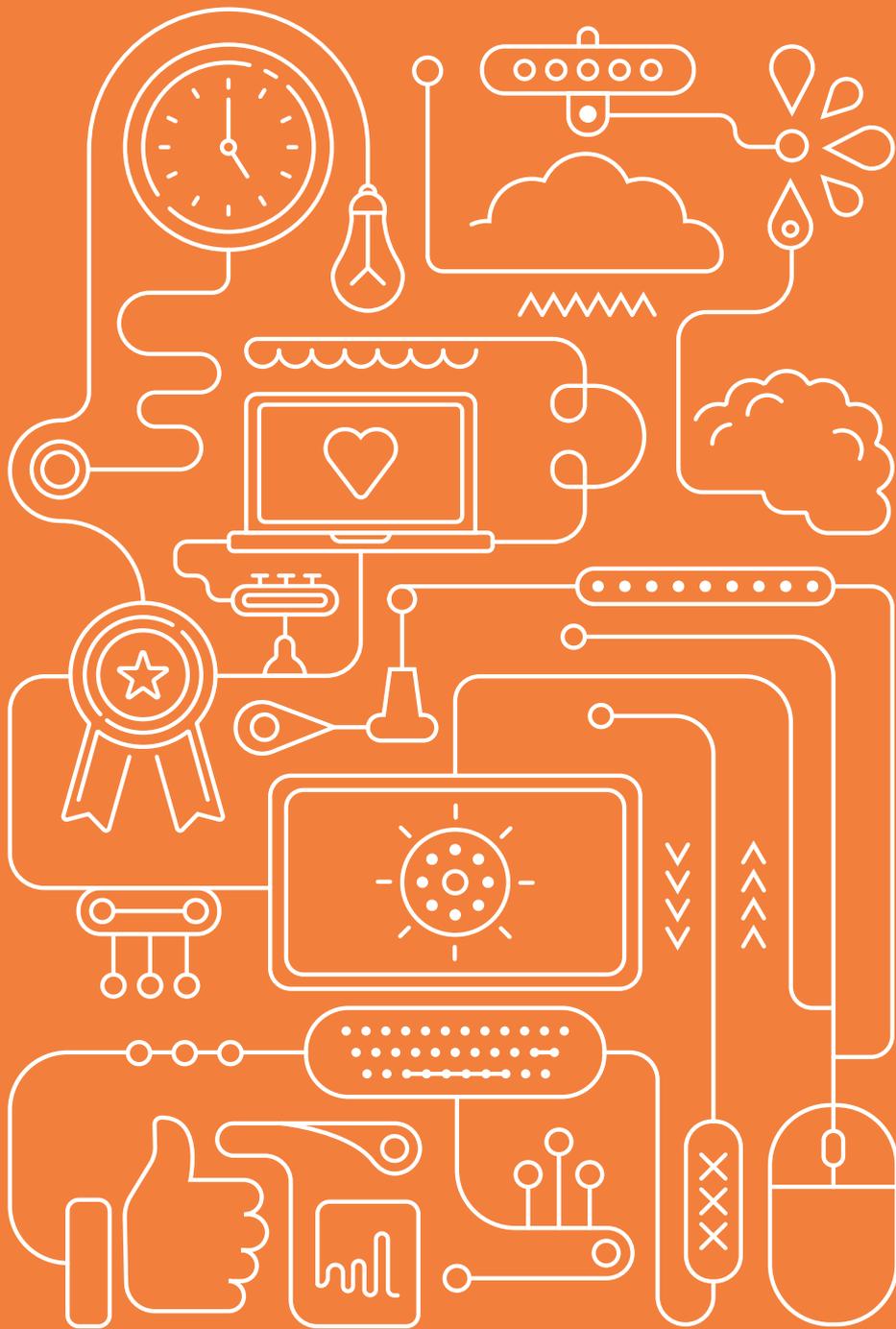
These priorities and targets are challenging and appropriate. Whilst they are developed to be as much within our control as possible, there are always risks and uncertainties in the external and internal environments that may affect delivery.



Tim Moss CBE

Chief Executive and Accounting Officer

8 July 2020



**The Patent Office
Annual Report and Accounts
2019/20**

Accountability Report

Corporate Governance Report

This report and its subheadings are presented as required by the 2019/20 Government Financial Reporting Manual (FReM) issued by HM Treasury.

Directors' Report

Our corporate governance structure is described in our Framework Document⁵.

Ministers responsible for the IPO during the year as Minister of State of University, Science, Research and Innovation were Chris Skidmore MP (until July 2019), Jo Johnson MP (until September 2019) and Chris Skidmore MP (until February 2020). The Minister now responsible as Minister for Science, Research and Innovation from February 2020 is Amanda Solloway MP.

For details of our Boards and Committees please refer to the Governance Statement.

⁵ <https://www.gov.uk/government/organisations/intellectual-property-office/about/our-governance>

Statement of Accounting Officer's Responsibilities

Under section 4(6)(a) of the Government Trading Funds Act 1973, the Treasury has directed the Patent Office to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Patent Office and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and to disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Treasury has appointed the Chief Executive as the Accounting Officer for the Patent Office Agency. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Patent Office's assets, are set out in Managing Public Money published by HM Treasury.

Accounting Officer's Confirmation

As Accounting Officer, as far as I am aware there is no relevant audit information of which the auditors are unaware. I have taken all of the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of that information. The Annual Report and Accounts as a whole are fair, balanced and understandable and I take personal responsibility for the Annual Report and Accounts and the judgments required for determining that they are fair, balanced and understandable.

Governance Statement

2019/20

Scope of Responsibility

In accordance with Section 4(6) of the Government Trading Funds Act 1973, HM Treasury has appointed me as the Accounting Officer for the IPO.

As Accounting Officer, I am responsible for maintaining sound governance, risk management and systems of internal control that support the achievement of the aims and objectives of the IPO, whilst safeguarding the funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

Purpose of this Statement

This statement explains how the IPO has complied with the principles of good governance and reviews the effectiveness of the system of internal controls.

The Governance Framework of the IPO

The IPO corporate governance structure comprises of the Executive Board (IPOB), the Steering Board and the Audit and Risk Committee, each with complementary functions and with IPOB supported by three sub-committees. The governance framework is explained in our Framework Document, which sets out the policy, planning, accountability and delegations within which the IPO operates.

IPOB is chaired by myself and meets informally on a weekly basis and formally every month. It has collective responsibility for the leadership and strategic management of the IPO, in line with ministerial priorities and our corporate plan. During 2019/20 IPOB has worked collaboratively to deliver our objectives and develop our priorities for 2020/21 which are:

- delivering our core services;
- supporting the UK's independent economic and political future;
- our Transformation Programme; and
- understanding the impact of future technology on the IP framework.

Member Attendance at IPOB Meetings Held During April 2019 - March 2020

Members	Meetings Attended (12 in year)
Tim Moss (Accounting Officer/Chief Executive Officer and Chair of Executive Board)	12
David Holdsworth⁶ (Deputy Chief Executive Officer and Director of Operational Delivery)	9
Adam Williams (Director of International Policy)	10
Pippa Hall (Chief Economist and Director of Innovation)	11
Ros Lynch (Director of Copyright and IP Enforcement)	11
Neil Hartley (Director of Finance)	12
Mike Fishwick (Chief Technology Officer)	9
Dominic Houlihan (Director of People, Places and Services)	12
Julyan Elbro⁷ (Divisional Director of Patents)	5

The IPO Steering Board has an independent non-executive chair and six further non-executive directors as members, including one who is part of the Board Apprentice Scheme. David Rawlins (member of the BEIS sponsor team for the Met Office, the IPO and National Physical Laboratory) attends as the designated deputy for the Director General of Industrial Strategy, Science and Innovation. Directors of the IPO attend but are not Steering Board members. The role of the Steering Board is to advise Ministers on the IPO's strategies and performance (including targets) as set out in the IPO's Corporate Plan. It also provides guidance, drawing on the experience of the non-executive directors, on our operation and development across a range of issues. During the last 12 months, the Steering Board has provided advice and guidance on a wide range of topics, such as our Corporate Plan, Customer Strategy and Transformation Programme. The Steering Board meets five times a year including one away-day.

⁶ From June 2019

⁷ Member of the Executive Board until September 2019

Member Attendance at Steering Board Meetings Held During April 2019 – March 2020

Members	Meetings Attended (5 in year)
Tim Suter Non-Executive Director and Chair of Steering Board	5
Andrew Lawrence Non-Executive Director and Chair of Audit and Risk Committee	5
Nora Nanayakkara⁸ Non-Executive Director	2
Mandy Haberman Non-Executive Director	5
Lopa Patel Non-Executive Director	5
Kevin Orford Non-Executive Director	4
Laurie Benson⁹ Non-Executive Director	1
Karin Schulte¹⁰ Non-Executive Director	1
Tim Moss Accounting Officer/Chief Executive Officer	5
David Holdsworth¹¹ Deputy Chief Executive Officer and Director of Operational Delivery	4
David Rawlins BEIS Sponsor of the Intellectual Property Office and designated deputy of the BEIS Director General, Industrial Strategy, Science and Innovation ¹²	5

For details of company directorships and other significant interests please view the IPO Register of Interest¹³.

⁸ Left November 2019

⁹ From January 2020

¹⁰ From January 2020

¹¹ From June 2019

¹² Director General was Gareth Davies to May 2019 and Jo Shanmugalingam from July 2019

¹³ <https://www.gov.uk/government/publications/register-of-board-members-interests>

The Audit and Risk Committee is a sub-committee of the Steering Board, advising on risk, control, governance and associated issues. The Committee comprises a non-executive chair, two further non-executive members of the Steering Board and one independent member from another government department. I am an obligatory attendee, along with the Deputy Chief Executive Officer and Director of Operational Delivery, and the Director of Finance. There are additional attendees by invitation. In addition to providing me with assurance over the preparation and signing of the IPO's accounts for 2018/19, the committee considered the findings of ten audit reports. These reports covered a range of governance and risk management areas, including an assessment of our whistleblowing procedures and an audit of our software licence management. The Audit and Risk Committee meets four times a year.

Member Attendance at Audit and Risk Committee Meetings Held During April 2019 – March 2020

Members	Meetings Attended (4 in year)
Andrew Lawrence (Non-Executive Director and Chair of Audit and Risk Committee)	4
Nora Nanayakkara ¹⁴ (Non-Executive Director)	2
Lopa Patel (Non-Executive Director)	4
Kevin Orford (Non-Executive Director)	4
Paul Coombs (Independent member from other government department)	4

Obligatory Attendees of Audit and Risk Committee

Members

Tim Moss (Accounting Officer/Chief Executive Officer and Chair of Executive Board)
David Holdsworth ¹⁵ (Deputy Chief Executive Officer and Director of Operational Delivery)
Neil Hartley (Director of Finance)

¹⁴ Left November 2019

¹⁵ From June 2019

Attendees of Audit and Risk Committee by Invitation

Members

Karen Powell Head of Governance and Risk Management
James Meager Head of Internal Audit (Government Internal Audit Agency)
David Legg BEIS Representative
Incumbent External Auditors for and on behalf of NAO

This year IPOB commissioned a review to consider the extent to which the existing sub-committee arrangements supported the delivery of an effective governance process, with clear decision-making authority in the right place, minimal duplication and appropriate committee membership. The sub-committees were Change Committee, Data Committee, Operations Committee and Policy Committee. IPOB decided that all work related to our Transformation Programme should fall outside of this review and report separately to IPOB through the Transformation Programme Board. The review, led by one of our non-executive directors, found that whilst sub-committees were functioning well, there were aspects that could be strengthened. IPOB discussed the findings of the review and accepted the recommendation to replace the existing sub-committees with a new structure linked to the three pillars of the IPO strategy: Delivering Excellent IP Services; Creating a World leading Environment; and Making the IPO a Brilliant Place to Work.

Delivering Excellent IP Services Committee is a sub-committee of IPOB and is chaired by the Director of International Policy. It is responsible for providing governance and oversight of all matters relating to the IPO's strategic goal of Delivering Excellent IP Services, including: delivering timely, reliable and quality services; and improving how we manage and share our data.

Creating a World Leading IP Environment Committee is a sub-committee of IPOB and is chaired by the Deputy Chief Executive Officer and Director of Operational Delivery. It governs all matters relating to the IPO's strategic goal of Creating a World Leading IP Environment, including: developing the legislative and policy framework; increasing IP's impact through awareness and education; and reducing IP crime and infringement.

Making the IPO a Brilliant Place to Work Committee is a sub-committee of IPOB and is chaired by the Director of Innovation and Chief Economist. It supports, drives and challenges delivery relating to the IPO's strategic goal of Making the IPO a Brilliant Place to Work, including: ensuring the IPO has solid foundations in place; a culture of One IPO; and healthy people, healthy environment.

The new sub-committee structure was implemented in September 2019. The committees are chaired by an executive director and have an additional executive director member as well as a variety of subject matter experts with experience in areas relevant to the delivery of the pillar for which the committee is responsible. Each committee acts with delegated authority from IPOB and handles all matters relating to their pillar, including approving business cases, reviewing performance and managing risk. Committees refer any matters of exceptionally high financial or reputational risk, or those with a cross cutting impact, to IPOB. Each sub-committee meets monthly and produces a highlight report, which is submitted to IPOB.

The effectiveness of the IPO's Boards and members is measured in several ways:

- Secretariat and I regularly review IPOB's work programme ensuring that it addresses the requirements of the IPO and BEIS;
- Steering Board carries out an annual effectiveness review;
- non-executive Board members are reviewed individually on an annual basis and appointed for up to three years at a time;
- Audit and Risk Committee undertakes an annual self-assessment, which makes recommendations for change;
- mid-year and end-year directorate performance reviews are held with each director and their senior team to assess performance against targets and the Corporate Plan; and
- an external effectiveness review of the Steering Board is conducted every three years. The latest one was concluded in November 2017. The feedback was positive with only a few minor actions to complete.

The Risk and Internal Control Framework

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on a continuous process designed to identify and prioritise the risks to the achievement of our aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they materialise, and to manage them effectively and economically. The system has been in place throughout 2019/20.

We continually assess and refine management data to ensure that IPOB are provided with the most appropriate information to allow them to identify and respond to emerging risks. IPOB are involved in shaping the information they receive to ensure its quality and that it meets their needs in overseeing the business. This year, a new streamlined monthly corporate performance report (Corporate Scorecard) was introduced. The previous performance report was too long and did not focus on areas requiring discussion and challenge. The new report is shorter, more visual and focusses on delivery against our strategic goals and key financial and operational metrics. Each of the new sub-committees are responsible for reviewing the scorecard for its strategic pillar and escalating any issues to IPOB.

The Board Risk Register records all significant risks to the achievement of the IPO's aims and objectives. It is reviewed by IPOB and Audit and Risk Committee on a regular basis. This is further supported by internal audit reviews and assurance reporting. IPOB carry out an annual risk horizon scanning session to identify possible risks to achieving our ministerial targets and strategic goals, followed by an annual review of the IPO Risk Appetite Statement.

The Central Risk Team have continued to deliver risk identification workshops for projects and the Senior Risk Manager has delivered risk training to 55 of our people over seven training sessions. Risk horizon scanning sessions have been undertaken with each of IPOB's sub-committees to ensure that risk management is clearly linked to the aims and objectives of the IPO.

Each directorate maintains its own prioritised risk register and has their own named individual (Risk Representative) who is responsible for ensuring that a sound risk management culture is promoted within their area. Monthly meetings are chaired by the Senior Risk Manager to bring Risk Representatives together to share best practice, clarify areas of the policy and guidance, and raise any issues or concerns.

Maintaining and improving effective governance within the IPO remains a key priority. A comprehensive internal audit programme is agreed each year with the resulting reports and recommendations acted upon. This year Internal Audit gave us an overall audit opinion of 'moderate' based on the Government Internal Audit Agency (GIAA) scoring methodology, confirming that the systems of control, governance and risk management that operated during the year were generally effective.

In November 2019 IPOB agreed a new Conflict of Interest Policy. Prior to this, our conflicts of interest guidance was covered in a small section of our staff handbook. The new policy strengthens our position on the standards of behaviour we expect of our people and is compliant with the Government Functional Standard on Counter Fraud.

Financial accounting remains sound; a history of unqualified audit opinion of our accounts attests to this. There were a number of issues highlighted with the process around the preparation and sign-off of the annual accounts for 2018/19. A detailed plan was put together to address these issues, and this has been closely monitored by Audit and Risk Committee.

During 2019/20 we have continued to improve our counter fraud response. The Senior Risk and Assurance Manager has been working with all business areas to ensure that there is accurate and timely reporting of all instances of potential fraud and official error. This has led to an increase in the amount of fraud and error reported, however this is down to increased awareness rather than increased incidents. A twice-yearly review has been built-in to make sure all fraud risks are captured and regularly reviewed. An additional organisational wide fraud risk assessment was undertaken in March 2020 in response to the changes caused by COVID-19, no increased fraud risks were identified at that stage. The IPO participated in the annual assessment of compliance against the Government Functional Standard on Counter Fraud and in August 2019 it was confirmed that the IPO is now fully compliant with the standard. Counter Fraud and Official Error Loss Prevention training sessions, suitable for all our people, have continued throughout the financial year and feedback has been very positive. We continue to attend BEIS Family Counter Fraud Network meetings and are now a member of the Cabinet Office Fraud Champions Network where best practice is shared. A fraud and error report is sent to every Audit and Risk Committee meeting.

Banks occasionally make credit card chargebacks, which could be where transactions were not recognised by their customer or were fraudulent, although we do not get details of the specific reasons. When this happens, we immediately stop work on those cases and investigate whether there is anything suspicious. Total chargebacks in 2019/20 were under £14k and no cases of fraudulent behaviour have been identified.

The GIAA conducted an audit of our whistle-blowing policy and procedures in January 2020 and awarded an opinion of substantial assurance, confirming that suitable policies and procedures are in place with named internal contacts and an external helpline available to staff. No whistle-blowing cases have arisen this year.

The Business Continuity Plan (BCP) is updated every six months. Earlier this year we appointed a dedicated Business Continuity Officer who is responsible for updating and testing our plans and training staff. We have established a Business Continuity Advisory Board (BCAB), which is chaired by the Business Continuity Manager, and is responsible for providing assurance to IPOB on our business continuity planning. A working group, made up of directorate contacts, reports to BCAB and provides a forum for staff to raise ideas/concerns with the BCP team and vice versa.

We have continued to work closely with the Disaster Recovery Project team who are reviewing our disaster recovery facilities and improving our corporate resilience. A number of scenario tests have been run in conjunction with this team to test various parts of our plans. The Business Continuity Officer has also visited business teams across the organisation to raise awareness of our plans and ensure they are fit for purpose.

Our plans have been tested by a number of actual incidents this year, including a suspect package and major water leak. The latter was the first real test of how our systems would cope with the majority of our people working from home for a short period. As with any incidents we ran a lessons learned session afterwards to allow us to make improvements for the future.

The lessons we learned were invaluable in our planning for the Covid-19 outbreak. We convened a Coronavirus Response team, chaired by the Business Continuity Manager and co-ordinated by the Business Continuity team, at an early stage and conducted a desktop exercise to test our response. This enabled us to get most of our people ready for homeworking before the lockdown order was made. We were able to roll out IT peripherals and specialist equipment to supplement the devices that people use on a daily basis with the result that 96% of our people were able to work effectively from home. The Coronavirus Response team also involved BCP representatives from HR, Communications and Facilities Management. During the first few weeks of the outbreak, the team met daily and followed each meeting with office wide communications. There was also a strong focus on wellbeing and we involved our Staff Counsellors and Mental Health First Aiders to provide additional support for our people.

Security operations have continued to remain compliant with all relevant standards, with a series of external reviews verifying this assessment.

Furthering our previous efforts on data protection and the releasing of the new security incident reporting tool, we are successfully registering increased granularity in incident reporting. We have released upgraded Data Loss Prevention (DLP) technologies to the IPO Secure team and these tools are now operational and yielding results successfully. Work continues on DLP technologies particularly in support of the KIM team's work furthering our privacy by design agenda.

Security and privacy by design have both seen a significant uplift in capability and capacity this year, with the sanctioning and successful recruitment of three Security Architects. The strategic change in direction to our penetration testing methodology has resulted in a successful increase in remediation rates and heightened engagement from IT staff through gamification methodologies.

The IPO has taken a huge step towards the ideal of a 'zero trust' (a security model based on the principle of maintaining strict access controls and not trusting anyone by default, even those already inside the network perimeter) network architecture. Administrator session management has been successfully upgraded from a manual process, to a fully automated and centrally managed system. Over 75% of our live estate is now managed through this and sessions can be audited for access and actions via administrator session recordings that are stored for each activity. Work continues on this to ensure all types of operating systems are fully integrated and time windows for change are implemented into administrator's daily workflow.

The IPO continues to monitor security incidents on a regular basis. There have been no breaches leading to information loss (due to malicious action) to report. The IPO has had 82 personal information breaches that have all been analysed and, in large, have been put down to human error. This is a significant uplift on the previous year (17 in total). We put this down to increased awareness raising by the team and the introduction of an automated reporting tool available from everyone's desktop. Personal data breaches are reported to BEIS within 24 hours of the IPO becoming aware, in order that the consideration of notification to the Information Commissioner can be taken. We concluded there was a low risk of adversely affecting the rights and freedoms of any of individuals concerned, therefore none have been reported to the Information Commissioner's Office (ICO).

The Alexander Review of the tax arrangements of public sector appointees published in May 2012 made a number of recommendations to ensure that the highest standards of integrity could be demonstrated in the tax arrangements of public sector appointees. The IPO has procedures in place to ensure we comply with the recommendations of the report. All senior members of staff have been on the IPO payroll during the year.

The review of quality assurance of government analytical models undertaken by Sir Nicholas Macpherson and published by HM Treasury in March 2013 made several recommendations for government departments and their arm's-length bodies. The IPO has reviewed its use of analytical modelling and concluded that there are no analytical models used within the IPO that could be classed as business critical. We will review this regularly and ensure if any business-critical models are identified, that an appropriate quality assurance framework is put in place, which adheres to the principles outlined in the HM Treasury guidance on producing quality analysis for government (The Aqua Book).

Guidance from HM Treasury, Cabinet Office and BEIS is regularly reviewed and used to drive change so that governance practice is consistent with central government and departmental policy. A comprehensive review of governance, risk and internal control has provided me, IPOB and Audit and Risk Committee with assurance that the IPO has complied with the Corporate Governance in Central Government Departments: Code of Good Practice throughout the year, where applicable.

Significant Risks and Control Issues

Delivering a great IP system that supports innovation and economic growth is complex. Our organisation is responsible for developing the legislative and policy framework, delivering quality rights granting services, increasing awareness and education, and reducing IP crime and enforcement. We work in an international framework and retaining a global outlook is important.

One of our significant risks this year has been the demands of our increasing trade policy agenda where IP is a key part of modern trade agreements. The risk has manifest itself in two ways: the challenge of maintaining a high-quality IP framework aligned to key frameworks such as the European Patent Convention and the potential for increased stress on our people delivering this. We have worked very closely with BEIS and other government departments to balance the IP policy risks and we have monitored workloads carefully, prioritising as necessary. We have continued to closely monitor information coming from other government departments to inform future direction and explain the context and reasons for uncertainty to staff. This will continue to be a significant risk for the IPO going forward.

We aim to continually improve and review our processes and procedures. An area of concern highlighted this year has been our business case and spend delegation processes. Although guidance and processes were in place, roles were not clearly defined or understood, and internal governance mechanisms were not as robust as they should have been. Fortunately, there has not been a significant breach of controls as a result. As soon as this was recognised we instigated an organisational wide review of business cases and delegations. As a result, we have implemented a series of improvements and introduced a standardised approach to initiating new work and expenditure across the IPO. We have agreed thresholds for business cases, produced clearer guidance and templates, and will continue to test and refine this going forward.

Transforming our services to our customers remains an area of challenge. Our customers expect digital services and to only have to tell us their information once. Resourcing the Transformation Programme with sufficient levels of capability has continued to be a risk to successful delivery. There have been issues around the clear definition of work with third party suppliers and a risk that this could lead to additional costs. In November, after reflecting on lessons learned, we took the decision to reset the programme. This has involved entering an eight-month mobilisation phase to conduct an IPO wide capability review, recruit additional resources, complete detailed planning, develop processes and procedures and engage and communicate with the delivery team and supporting functions. We now have an overarching vision clearly setting out our objectives and have developed a comprehensive roadmap for a five-year programme. We are now in a much stronger position to take our transformation agenda forward.

The outbreak of Covid-19 has undoubtedly been the biggest risk to the continuity of our business and I am proud of our collective efforts to respond to this global health crisis. Our people are working effectively at home with very little disruption to our customers. During 2020/21 we will continue to monitor the impact this has on the demand for our services and the wellbeing of our people.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the IPO's governance, risk management and system of internal control.

My review has been informed by the assurance of individual governance returns from each Executive Director, who have responsibility for the development and maintenance of the governance structures and internal control framework across the IPO. Further assurance has been gained from internal audit reports and the annual audit report from the GIAA.

I have considered the evidence provided to support this Governance Statement and sought relevant Audit and Risk Committee assurance. Overall, I conclude that the IPO has maintained a sound system of governance, risk management and internal control during the financial year 2019/20.

A handwritten signature in black ink, appearing to read 'Tim Moss', with a stylized flourish at the end.

Tim Moss CBE

Chief Executive and Accounting Officer

8 July 2020

Remuneration and Staff Report

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister, following independent advice from the Review Body on Senior Salaries.

In reaching its recommendations, the Review Body is to have regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services, including the requirement on departments to meet output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at: www.gov.uk/government/organisations/review-body-on-senior-salaries

Directors comprise of members of the Senior Civil Service (SCS) or those whose pay and conditions, although delegated to the IPO are determined by analogy with the SCS in BEIS.

Two major changes to the SCS performance management system have been introduced by Cabinet Office as part of a broader review and reform. The changes involved the removal of forced distribution and removal of the 25% cap on percentage of SCS eligible for end of year Non-consolidated Performance Related Payments (NCPRP).

Performance is assessed by line management into three performance groups: top, achieving, and low. Individuals are allocated according to the guidelines that are in place for the relevant performance year. However, as with any normal large organisation, performance differentiation is expected to take the shape of a bell curve, with the highest proportion of SCS falling in the middle box (achieving) and the smallest proportion in the bottom box (low).

Under the new arrangements, members of SCS are only eligible for an end-year award if they are assessed as a top performer. The cost control for NCPRP remains at 3.3% of the SCS pay bill.

The percentage of staff that can be accepted in each category is established centrally by Cabinet Office.

For SCS members, the line management assessment is combined with those for all other BEIS SCS and the outcome moderated by the BEIS pay committee.

Departments continue to have discretion to make in-year non-consolidated award payments to recognise outstanding contribution for up to 20% of SCS staff within set criteria. The IPO's performance awards for the year were compliant with both end-year and in-year arrangements. For SCS analogues, the Chief Executive and Director of PPS formed a remuneration committee and moderated the final performance grouping and outcomes.

The committee met on 14 May 2019 to moderate the 2019 award. The Chief Executive's performance was moderated by the Director General of Business and Science.

Service Contracts

The Constitutional Reform and Governance Act 2010, requires Civil Service appointments to be made on merit, on the basis of fair and open competition. The Recruitment Principles, published by the Civil Service Commission, specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommission.org.uk

Remuneration (Including Salary) and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the Chief Executive and directors of the IPO. These tables together with the median earnings data are subject to audit. For comparison, the full year equivalent (FYE) is provided for those holding office for part of the year.

Remuneration of Board Members - Audited

Single total figure of remuneration

	Salary		Bonus		Pension Benefits		Total Remuneration	
	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19
	£000	£000	£000	£000	£000	£000	£000	£000
Tim Moss ¹⁶ Chief Executive From 1 May 2017	100-105	100-105	5-10	-	39	38	150-155	140-145
David Holdsworth ¹⁵ Deputy CEO and Director from 10 June 2019	75-80 (FYE 95-100)	-	-	-	66	-	145-150	-
Dominic Houilhan ¹⁵ Director from 18 September 2017	70-75	70-75	5-10	0-5	29	28	110-115	95-100
Ros Lynch ¹⁵ Director from 27 February 2014	70-75	70-75	0-5	5-10	21	21	90-95	100-105
Neil Hartley ¹⁵ Director from 1 April 2015	75-80	75-80	0-5	0-5	35	34	115-120	110-115
Mike Fishwick ¹⁵ Director from 7 September 2015	115-120	115-120	0-5	0-5	46	46	165-170	160-165
Adam Williams ¹⁵ Director from 19 September 2016	70-75	70-75	5-10	10-15	29	28	110-115	105-110
Pippa Hall ¹⁵ Director from 31 August 2016	70-75	70-75	0-5	0-5	29	28	100-105	95-100
Julyan Elbro ¹⁷ Director from 10 August 2016 to 5 September 2019	30-35 (FYE 70-75)	70-75	0-5	0-5	13	25	45-50	95-100

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights. The total remuneration bands have been calculated using actual figures.

¹⁶ is a member of the Senior Civil Service

¹⁷ is a member of the Senior Civil Service by analogy

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the IPO and thus recorded in these accounts.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the IPO and treated by HM Treasury as a taxable emolument. There were no benefits in kind in 2019/20 or 2018/19.

Bonuses

Performance bonuses are based on performance levels attained and are made as part of the appraisal process. Directors and all other staff, apart from the Chief Executive, are eligible for an equal share of the overall office bonus.

Pension Benefits - Audited

	Accrued Pension at Pension Age as of 31/3/20 and Related Lump Sum	Real Increase/ (Decrease) in Pension and Related Lump Sum at Pension Age	CETV at 31/3/20 or Leaving Office	CETV at 31/3/19 or Taking Office	Real Increase/ (Decrease) in CETV
	£000	£000	£000	£000	£000
Tim Moss Chief Executive from 1 May 2017	25-30 plus a lump sum of 45-50	0-2.5 plus a lump sum of 0	486	438	22
David Holdsworth Director from 10 June 2019	20-25 plus a lump sum of 35-40	2.5-5 plus a lump sum of 2.5-5	282	233	34
Dominic Houilhan Director from 18 September 2017	10-15	0-2.5	110	92	9
Ros Lynch Director from 27 February 2014	20-25 plus a lump sum of 60-65	0-2.5 plus a lump sum of 2.5-5	496	451	22
Neil Hartley Director from 1 April 2015	40-45	0-2.5	668	617	20
Mike Fishwick Director from 7 September 2015	10-15	2.5-5	193	145	32
Adam Williams Director from 19 September 2016	15-20	0-2.5	203	174	15
Pippa Hall Director from 31 August 2016	15-20	0-2.5	138	119	8
Julyan Elbro Director from 10 August 2016	25-30 plus a lump sum of 55 - 60	0-2.5 plus a lump sum of 0-2.5	458	445	6

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS, who were within 10 years of their normal pension age on 1 April 2012, remained in the PCSPS after 1 April 2015.

Those who were between 10 years and 13 years and five months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% of pensionable earnings for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product, chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age or immediately on ceasing to be an active member of the scheme, if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement, to secure pension benefits in another pension scheme or arrangement, when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member, as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax, which may be due when pension benefits are taken.

Real Increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Median Staff Pay Multiples - Audited

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation, and the median remuneration of the organisation's workforce.

	2019/20	2018/19
Band of Highest Paid Director Total Remuneration Excluding Pension Increase (£000)	115-120	115-120
Median Total Remuneration (£)	31,006	30,138
Ratios	3.8	3.9
Number of Persons Receiving Remuneration in Excess of Highest Paid Director ¹⁸	12	10
Remuneration Range for Employees Excluding Highest Paid Director (£000)	18-181	17-206

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the CETV of pensions.

¹⁸ This refers to temporary appointments, who on an annualised basis, receive remuneration in excess of the highest paid director. No permanent employees received remuneration in excess of the highest paid director for either 2019/20 or 2018/19.

Steering Board Members - Audited

The Independent Board members and their remuneration are:

	2019/20 Remuneration	2018/19 Remuneration
	£000	£000
Tim Suter Reappointed from 30 September 2019 to 31 March 2021	5-10	5-10 (FYE 5-10)
Andrew Lawrence Appointed from 31 July 2018 to 30 July 2021	5-10	0-5 (FYE 5-10)
Nora Nanayakkara Reappointed from 6 November 2016 to 5 November 2019	0-5 (FYE 5-10)	5-10
Mandy Haberman Reappointed from 2 November 2018 to 1 November 2020	5-10	5-10
Lopa Patel Appointed from 31 July 2018 to 30 July 2021	5-10	0-5 (FYE 5-10)
Kevin Orford Appointed from 28 November 2018 to 27 November 2021	5-10	0-5 (FYE 5-10)
Laurie Benson Appointed from 1 January 2020 to 31 December 2022	0-5 (FYE 5-10)	-
Gary Austin Reappointed from 15 July 2015 to 14 July 2018	-	0-5 (FYE 5-10)
Iain MacLean Reappointed from 16 July 2015 to 15 July 2018	-	0-5 (FYE 5-10)
Andrew Mackintosh Appointed from 2 November 2015 to 1 November 2018	-	0-5 (FYE 5-10)

Gareth Davies was Director General within BEIS with responsibility for the IPO until May 2019.

Jo Shanmugalingam was appointed as Director General within BEIS from July 2019.

The Director General is a member of the Steering Board but is represented by David Rawlins as the BEIS representative.

David Rawlins is a civil servant and was not remunerated by the IPO for serving on the Steering Board.

Paul Coombs, Director of Finance, Planning and Performance at Crown Commercial Service was recruited as an Independent Member on the Audit and Risk Committee from October 2017. He is a civil servant and was not remunerated by the IPO for serving on the Committee.

Karin Schulte was appointed as Non-Executive Director as part of the Future Boards Scheme from January 2020 and was not remunerated by the IPO for serving on the Steering Board.

The Minister appoints independent Board members for a fixed term, which may be renewed.

Staff Report

Staff Costs - Audited

Staff costs during the year:

	Permanently Employed Staff	Short-term Employment Contract and Agency Staff	2019/20 Total	2018/19 Total
	£000	£000	£000	£000
Wages and Salaries	49,096	5,407	54,503	46,491
Social Security Costs	5,430	-	5,430	4,775
Other Pension Costs	12,718	-	12,718	8,888
Sub total	67,244	5,047	72,651	60,154
Capitalised Staff Costs Included Above	(890)	(600)	(1,490)	(714)
Total Net Costs	66,354	4,807	71,161	59,440

Off-Payroll Engagements

Off-payroll appointments as of 31 March, for more than £245 per day and last longer than six months are shown below:

	2019/20	2018/19
No. of Existing Engagements as of 31 March	16	13
Of Which:		
Number That Have Existed for Less than One Year at Time of Reporting.	5	9
Number That Have Existed for Between One and Two Years at Time of Reporting.	10	3
Number That Have Existed for Between Two and Three Years at Time of Reporting.	-	-
Number That Have Existed for Between Three and Four Years at Time of Reporting.	-	1
Number That Have Existed for Between Four or More Years at Time of Reporting.	1	-

For all new off-payroll appointments, or all those that reach six months in duration, between 1 April and 31 March for more than £245 per day and will last for longer than six months:

	2019/20	2018/19
Number of New Engagements, or Those that Reached Six Months in Duration, Between 1 April and 31 March	13	16
Of Which:		
Number Assessed as Caught by IR35	13	16
Number Assessed as Not Caught by IR35	-	-
Number Engaged Directly (via PSC Contracted to Department) and are on the Departmental Payroll		
	-	-
Number of Engagements Reassessed for Consistency/Assurance Purposes During the Year		
	-	-
Number of Engagements that Saw a Change to IR35 Status Following the Consistency Review		
	-	-

All these contractors were deemed inside IR35 and arrangements made with the suppliers to deduct tax.

Consultancy and the use of Contingent Labour

	2019/20 £000	2018/19 £000
Consultancy Expenditure	28	-
Contingent Labour Expenditure	4,807	3,130

Off-Payroll Engagements of Board Members, and/or Senior Officials with Significant Financial Responsibility, Between 1 April 2019 and 31 March 2020

	2019/20	2018/19
Number of off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, during the financial year.	-	-
Total number of individuals on payroll and off-payroll that have been deemed "Board members, and/or, senior officials with significant financial responsibility", during the financial year.	9	9

Post-Employment Benefits

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “Alpha”- are unfunded multi-employer defined benefit schemes but the IPO is unable to identify its share of underlying assets and liabilities. The Scheme Actuary valued the PCSPS as at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation at <https://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>

For 2019/20, employer contributions of £12,717,600 were payable to the PCSPS (2018/19, £8,887,601) at one of the four rates in the range 26.6% to 30.3% of pensionable earnings (2018/19 – 20.0% to 24.5%), based on salary bands. The increase in 2019/20 was due to the increase in rates.

The Scheme’s Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2019/20 to be paid when the member retires and not the benefits paid during this period to existing pensioners. The contribution rates were revised for 2019/20.

New Career Average pension arrangements were introduced from 1 April 2015 and the majority of classic, classic plus and nuvos members have joined the scheme.

Further details of this new scheme are available at: www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha

Average Number of Persons Employed - Audited

The average number of persons employed (including agency and contract staff) and including staff on secondment to other organisations, during the period, is analysed below:

	2019/20 (FTE)	2018/19 (FTE)
Directors	8	8
Staff	1,220	1,134
Seconded In Staff	3	5
Seconded Out Staff	21	20
Total	1,252	1,167
Agency/Contract Staff	82	52

No staff loans made relating to COVID-19 or EU-Exit activities have been made during the period.

Reporting of Civil Service and Other Compensation Schemes – Exit Packages – Audited

Exit Package Cost	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
< 10,000	-	-	-	-	-	-
10,000 - 25,000	-	-	-	-	-	-
25,000 - 50,000	-	-	-	-	-	-
50,000 - 100,000	-	-	1	-	1	-
100,000 - 150,000	-	-	-	-	-	-
150,000 - 200,000	-	-	-	-	-	-
Total Number of Exit Packages	-	-	1	-	1	-
Total Cost (£)	-	-	58,828	-	58,828	-

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. The table above shows the total cost of exit packages agreed and accounted for in 2019/20 (2018/19: Nil). Exit costs of £58,828 were paid in 2019/20, the year of departure (2018/19: Nil). Where the IPO has agreed early retirements, the additional costs are met by the IPO and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Staff Composition

The staff composition as at 31 March was as follows:

	2020 Male	2020 Female	2019 Male	2019 Female
Total Staff	54.1%	45.9%	54.6%	45.4%
Senior Civil Servants	73.1%	26.9%	72.0%	28.0%
All Other Staff	53.8%	46.2%	54.2%	45.8%

SCS band	2019/20	2018/19
Band 2	2	2
Band 1	24	22
Total	26	24

We are committed to ensuring that our workforce is representative of the customers we serve across the UK. As part of this, we monitor the diversity of our people. Disclosure of personal characteristics is not mandatory but we have made significant progress in improving levels of staff declarations over the last year. This will give us a better basis for understanding where we need to target efforts to increase numbers of under-represented groups. We will be producing a full diversity, inclusion and wellbeing report, which will be published annually on our website. This report will give an account of all our efforts to ensure we are an inclusive organisation and our priority actions for the forthcoming year.

Sickness Absence Data

During 2019/20, we averaged 7.3 (2018/19: 6.0) working days lost per person against our internal target of an average of 6.5 working days lost per person.

Staff Policies

The IPO is committed to making it a brilliant place to work, where staff are offered flexibility and development, where everyone's contribution is recognised, and diversity is genuinely valued.

Staff policies were applied during the year to:

- give full and fair consideration to applications for employment by the IPO made by disabled persons, having regard to their particular aptitudes and abilities;
- continue the employment of, and arrange appropriate training for, employees of the IPO who have become disabled persons during the period when they were employed by the IPO;
- provide training, career development and promotion of disabled persons employed by the IPO;
- promote a working environment free from discrimination, harassment and victimisation; and
- ensure that all decisions relating to the IPO employment practices are objective, free from bias, and based solely on work criteria and individual merit, with due account taken of an individual's personal circumstances and the needs of the IPO.

Trade Union Facility Time

Relevant Union Officials

The following table summarises the total employees who were relevant union officials between 1 April and 31 March.

	2019/20	2018/19
Number of Employees Who Were Relevant Officials During the Financial Year	23.0	24.0
FTE Employee Number	21.7	22.4

Percent of Time Spent on Facility Time

	2019/20	2019/20
0%	4.0	-
1%-50%	19.0	24.0
51%-99%	-	-
100%	-	-

Percent of Paybill Spent on Facility Time

	2019/20	2018/19
	£000	£000
Total Cost of Facility Time	64	71
Total Paybill	66,354	56,310
Percentage of Total Paybill Spent on Facility Time	0.10%	0.13%

Paid Trade Union Activities

	2019/20 (%)	2018/19 (%)
Time Spent on Paid Trade Union Activities as a Percentage of Total Paid Facility Time Hours	7.40	16.70

Parliamentary Accountability and Audit Report

Regularity of Expenditure - Audited

All expenditure has complied with the regularity of expenditure requirements set out in HM Treasury guidance.

Losses and Special Payments - Audited

There were no losses or special payments to report.

Fees and Charges - Audited

The IPO provides statutory services registering or granting rights for patents, trade marks and designs. In common with all major rights granting organisations throughout the world, costs are recovered across the life of the rights. To encourage economic growth and innovation, access to the IP system includes low initial fees that are not a significant barrier to entry, with renewal fees covering the majority of our costs. This also acts as an incentive to maintain only valuable rights.

When fees are set they are designed to avoid any cross subsidy between rights. On average the fees paid across each class of rights are intended to be equal to the average costs of the service provided. The current volumes are resulting in some imbalances between the total income and costs of the different rights; a fees review will be undertaken in due course to address this.

In addition to the income we receive from those seeking UK rights, we also receive renewal income for European patents which have been granted by the EPO and which give the patent owners protection in the UK. This income is for a UK patent and is treated in the same way as other renewal income.

The following information summarises the income and expenditure for each of the main activities of the IPO:

2019/20	Patents	Trade Marks	Designs	Publications	Commercial	Total
	£000	£000	£000	£000	£000	£000
Income	74,181	34,094	720	63	2,377	111,435
Expenditure	(76,644)	(27,490)	(658)	(126)	(1,321)	(106,239)
Subtotal	(2,463)	6,604	62	(63)	1,056	5,196
Financial Income	367	169	3	-	12	551
Financial Expenditure	-	-	-	-	-	-
Additional Dividend	-	-	-	-	-	-
Dividend	(2,334)	(1,072)	(23)	(2)	(75)	(3,506)
Retained Surplus	(4,430)	5,701	42	(65)	993	2,241

2018/19	Patents	Trade Marks	Designs	Publications	Commercial	Total
	£000	£000	£000	£000	£000	£000
Income	65,362	31,523	643	116	1,726	99,370
Expenditure	(66,442)	(24,773)	(593)	(176)	(951)	(92,935)
Subtotal	(1,080)	6,750	50	(60)	775	6,435
Financial Income	330	159	3	1	9	502
Financial Expenditure	-	-	-	-	-	-
Additional Dividend	(805)	(389)	(8)	(1)	(21)	(1,224)
Dividend	(2,539)	(1,225)	(25)	(5)	(67)	(3,861)
Retained Surplus	(4,094)	5,295	20	(65)	696	1,852

Remote Contingent Liabilities - Audited

In addition to contingent liabilities reported within the meaning of IAS 37, the IPO also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. There are no such liabilities that the IPO are aware of. Liabilities of the EPO and other multi-national organisations lie with the Secretary of State.

Long Term Expenditure Trends

The IPO continues to face high demand and as such has recruited significant numbers of staff, particularly patent and trade mark examiners, over the last few years. This, together with increases in national insurance contributions; pension costs; and the introduction of the apprenticeship levy, which cannot be offset against training in Wales, where the majority of staff are based, has driven the trend to significantly higher staff costs in the last few years.

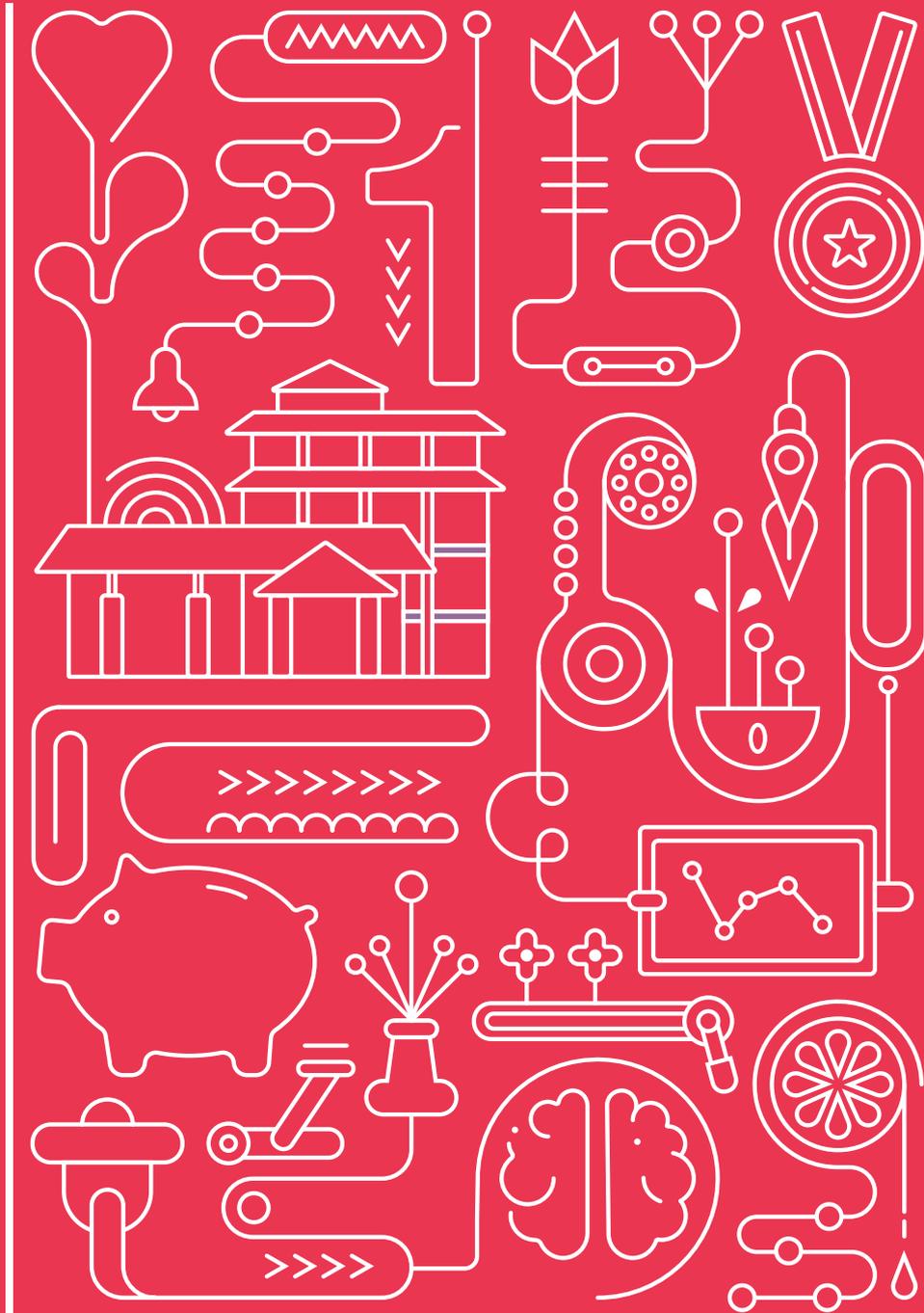
The IPO also continues to invest heavily in infrastructure, both in refurbishing buildings and the move to fully digitise all services. This has meant increased transformation and depreciation costs.



Tim Moss CBE

Chief Executive and Accounting Officer

8 July 2020



**The Patent Office
Annual Report and Accounts
2019/20**

The Certificate and report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on Financial Statements

I certify that I have audited the financial statements of the Intellectual Property Office (the Patent Office) for the year ended 31 March 2020 under the Government Trading Funds Act 1973. The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Patent Office's affairs as at 31 March 2020 and of its retained surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Emphasis of Matter – Disclosure in relation to the valuation of Property, Plant and Equipment

I draw attention to the disclosure made in note 1d to the financial statements concerning the material uncertainty in property valuations triggered by the Covid-19 pandemic. My opinion is not modified in respect of this matter.

Opinion on Regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of Opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Patent Office in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions Relating to Going Concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Patent Office's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Patent Office have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Patent Office's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's Responsibilities for the Audit of the Financial Statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Trading Funds Act 1973.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Patent Office's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- conclude on the appropriateness of the Patent Office's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Patent Office's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Patent Office to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Other Information

The Chief Executive as Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on Other Matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973;
- in the light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on Which I Report by Exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date: 10 July 2020

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial Statements to 31 March 2020

Statement of Comprehensive Income

For the Year Ended 31 March

		2020	2019
	Notes	£000	£000
Revenue from Contracts with Customers	3(a)	108,995	97,528
Other Operating Income	3(b)	2,440	1,842
Total Operating Income		111,435	99,370
Staff Costs	4	(71,161)	(59,440)
Depreciation and Amortisation	5	(2,356)	(1,991)
Provision Expense	5	(195)	-
Other Operating Charges	5	(32,527)	(31,504)
Operating Surplus Before Financing and Dividend		5,196	6,435
Financial Income	6	551	502
Operating Surplus on Ordinary Activities		5,747	6,937
Dividend	7	(3,506)	(3,861)
Surplus Before Additional Dividend		2,241	3,076
Additional Dividend	7	-	(1,224)
Retained Surplus for the Year		2,241	1,852

All of the Operations are Classed as Continuing

Other Comprehensive Income

Net Gain on Revaluation of Property, Plant and Equipment	8	310	227
Net Gain on Revaluation of Intangible Assets	9	157	169
Total Comprehensive Income		2,708	2,248

Statement of Financial Position

At 31 March		2020	2019
		£000	£000
	Notes		
Non-Current Assets			
Property, Plant & Equipment	8	21,096	20,944
Intangible Assets	9	10,629	7,872
Trade and Other Receivables	10	658	512
Total Non-Current Assets		32,383	29,328
Current Assets			
Trade and Other Receivables	11	16,841	11,097
Cash and Cash Equivalents	12	90,502	92,946
Total Current Assets		107,343	104,043
Total Assets		139,726	133,371
Current Liabilities			
Trade and Other Payables	13	(23,208)	(19,750)
Other Liabilities	13	(19,863)	(19,674)
Total Current Liabilities		(43,071)	(39,424)
Total Assets Less Current Liabilities		96,655	93,947
Total Non-Current Liabilities		-	-
Total Assets Less Total Liabilities		96,655	93,947
Capital and Reserves			
Public Dividend Capital		6,325	6,325
Revaluation Reserve		3,738	3,366
General Reserve		86,592	84,256
Total Equity		96,655	93,947



Tim Moss CBE

Chief Executive and Accounting Officer

8 July 2020

Statement of Cash Flows

For the Year Ended 31 March

		2020	2019
	Notes	£000	£000
Net Cash Inflow from Operating Activities			
Net Operating Surplus		5,747	6,937
Adjustment for Non-Cash Items		2,356	1,991
Increase in Trade and Other Receivables	10&11	(5,890)	(5,595)
Increase/(Decrease) in Trade Payables	13	3,647	(3,295)
Movements Relating to Items not Passing Through the SOCI		356	(299)
Use of Provisions	14	-	(38)
Dividends Paid	7	(3,861)	(4,748)
Net Cash Inflow/(Outflow) from Operating Activities		2,355	(5,047)
Cash Flows from Investing Activities			
Purchase of Property Plant and Equipment		(605)	(338)
Purchase of Intangible Assets		(4,194)	(3,170)
Net Cash Outflow from Investing Activities		(4,799)	(3,508)
Cash Flows from Financing Activities			
		-	-
Net Decrease in Cash and Cash Equivalents in Year		(2,444)	(8,555)
Cash and Cash Equivalents at the Beginning of the Year	12	92,946	101,501
Cash and Cash Equivalents at the End of the Year		90,502	92,946

Statement of Changes in Taxpayers' Equity

		PDC	Revaluation Reserve	General Reserve	Total Capital & Reserves
	Notes	£000	£000	£000	£000
Balance at 31 March 2018		6,325	3,219	82,155	91,699
Changes in Capital and Reserves for 2018/19		-	-	-	-
Net Gain on Revaluation of Property, Plant and Equipment	8	-	227	-	227
Net Gain on Revaluation of Intangible Assets	9	-	169	-	169
Transfer of (Excess)/Realised Depreciation Between Reserves		-	(249)	249	-
Retained Surplus		-	-	1,852	1,852
At 31 March 2019		6,325	3,366	84,256	93,947
Changes in Capital and Reserves for 2019/20		-	-	-	-
Net Gain on Revaluation of Property, Plant and Equipment	8	-	310	-	310
Net Gain on Revaluation of Intangible Assets	9	-	157	-	157
Transfer of (Excess) / Realised Depreciation Between Reserves		-	(95)	95	-
Retained Surplus		-	-	2,241	2,241
At 31 March 2020		6,325	3,738	86,592	96,655

The revaluation reserve and public dividend capital are non-distributable.

Notes to the Accounts

1 Accounting Policies

1(a) Statement of Accounting Policies

These financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged the most appropriate to the particular circumstances of the IPO for the purpose of giving a true and fair view has been selected. The particular policies adopted by the IPO are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1(b) Accounting Convention and Estimates

The accounts have been prepared under the going concern assumption and in accordance with historic cost convention with the historical cost convention modified to include revaluation of property, plant and equipment and intangible assets, in a form determined by the Treasury in accordance with section 4(6)(a) of the Government Trading Funds Act 1973.

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and judgements that affect the reported assets, liabilities, revenue and expenditure. Actual results can differ from those estimates. The accounting policy descriptions set out those areas where judgement needs exercising. The most significant in management's view are asset valuation and income recognition (contract liabilities). (See notes 1(d) and 1(g)).

1(c) Capitalisation Threshold

All land and buildings owned by the IPO and all other assets costing more than £3,000 excluding VAT are capitalised. New expenditure on IT systems development is written off in the period in which it is incurred, unless a beneficial relationship to a future period can be established with reasonable certainty, in which case the charge is capitalised. Depreciation is calculated to reduce the net book amount of each asset to its estimated residual value by the end of its estimated useful life in the IPO operations.

1(d) Non-Current Assets: Property, Plant and Equipment Valuation

We revalue our non-current asset portfolio on 31 March each financial year in accordance with the requirements of the FReM. Where assets are revalued, the depreciation charge is based on the revised value over the remaining life of the asset.

The IPO has adopted depreciated historical cost as a proxy for fair value of plant and equipment. Any difference between these figures is not considered material for the accounts.

The existing-use valuation basis is applied to land and buildings. A full valuation of our estate is carried out annually with the last valuation performed on the 31 March 2020 by an independent professional valuer, DVS Property Specialists for the Public Sector, an operating arm of the Valuation Office Agency (VOA).

COVID-19 Judgements and Potential Impact

We rely upon the independent and professional advice but challenge both the assumptions made and where changes occur. If subsequent information demonstrates that the assumptions used in valuations were inaccurate, this would affect the value of property, plant and equipment, revaluation reserve and possibly the surplus stated in the Statement of Comprehensive Income for the reporting period.

It is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the end of the reporting period. On the basis of existing knowledge, outcomes within the next financial year that are different from the assumption around the valuation of our land, property, plant and equipment could require a material adjustment to the carrying amount of the asset recorded in note 8. Our annual valuation determines any changes in asset values and accounts are amended accordingly.

In making these judgements we are aware the Royal Institute of Chartered Surveyors (RICS) has issued a valuation practice notice which gives guidance to valuers where a valuer declares a material uncertainty attached to a valuation in light of the impact of COVID-19 on markets. A full valuation of our land and buildings was obtained in February 2020 with a desktop update provided at 31 March 2020. This valuation is based on true uncertainty, in line with RICS guidance issued on the 15th April 2020. The valuation has been reflected in the financial statements but it should be noted there is now greater uncertainty in markets on which the valuation obtained and included, is based, due to a lack of data at the year end. Given the judgements made and uncertainty COVID-19 presents we consider there to be a material uncertainty in this valuation at the reporting date.

1(e) Non-Current Assets: Intangible Assets

Intangible assets consist of specialist software developed for the IPO.

Software development expenditure (covering the costs of third-party work and the direct costs of in-house staff effort) is capitalised when incurred on projects which will deliver economic benefits over a period of more than one year. Any assets under construction held at the reporting date are reviewed against the criteria set out in IAS 38 - Intangible Assets to ensure they are correctly categorised. As the asset becomes live, estimated useful lives are applied and a depreciation charge triggered. Software is revalued using an appropriate index.

1(f) Depreciation and Amortisation

Depreciation is provided on property, plant and equipment, except freehold land, at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life using the following guide:

- Information technology 5 years
- Plant and machinery 5 years

Depreciation is charged from the date of acquisition.

The estimated remaining life of the building and car park on 31 March 2020 is 52 years.

Amortisation is provided on intangible assets, at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life using the following guide:

- Major software developments 10 years
- Other software 5 years

Amortisation is charged from the date the asset is available to use.

The estimated useful lives are reviewed regularly and revised when necessary. An alternative expected useful life may be applied where evidence exists to support this.

1(g) Income

IPO adopted IFRS 15 Revenue from Contracts with Customers from 1 April 2018. This standard has been adapted by the FRoM to include revenue from fees and charges arising from legislation within the definition of a contract with customers. Income from fees and charges including statutory fees is now classified as income from contracts with customers. Income outside the scope of IFRS 15 is classified as income from other operating activities. Liabilities arising as a result of customers paying in advance of delivery of service are now reported as contract liabilities, previously reported as deferred income.

Receipt of payment from a customer forms a contract with a performance obligation being placed on the IPO. Income is recognised when this obligation is satisfied.

The following sets out our income recognition approach for each service:

Nature, timing of satisfaction of performance obligations and significant payment terms

Patents

Customers apply for a patent to be registered with associated rights granted to them. We identify three obligation points for these transactions; application, search and rights granting stage. Payment is made for this service immediately at the point of transacting with the relevant form at each stage.

Performance obligations are met at various stages throughout the transaction cycle with each stage initiated by the customer completing the relevant form and making payment.

Application - the customer receives a filing date and preliminary report typically within two weeks,

Search - a report is issued within 6 months with publication completing 12 months later,

Rights granting - the final stage is upwards of four years from the initial contact point and completes with the right being either granted and republished or refused.

Further details on [patent application timings](#)¹⁹

The [fees applicable to each stage](#)²⁰

Income relating to patent renewal transactions is recognised at the point of processing a system transaction i.e. when payment and a transaction form is received, and the Rights register is updated.

Trade Marks and Designs

Customers apply for a trade mark or design to be registered with associated rights granted to them. Payment for this service is made immediately at the point of transacting with revenue recognised at two obligation points; completion of examination and rights granting stage.

This is an area where judgement is applied over the transaction price due to one fee being charged at the start of the transaction to cover both obligation points. These estimates consider the average time and effort relating to the satisfaction of each performance obligation. In year, a review was conducted to assess examiner effort at each stage, this has resulted in an immaterial change to the accounting estimates regarding the recognition of income at each performance obligation. Based on analysis, these are set as 80% of income recognised at the first performance obligation (examination) and 20% recognised at the final performance obligation (rights granting or refusal).

Performance obligations are met at various stages throughout the transaction cycle;

Trade marks;

Examination – feedback will be provided within 5-15 days before moving into publication for up to three months.

Rights granting – providing no opposition has been made the trademark will be registered typically within two weeks.

¹⁹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/826223/patent-timeline.pdf

²⁰ <https://www.gov.uk/government/publications/patent-forms-and-fees/patent-forms-and-fees>

Income relating to trade marks renewal transactions is recognised at the point of processing a system transaction i.e. when payment and a transaction form is received, and the Rights register is updated.

Designs;

Examination – feedback will be provided within 10 days

Rights granting – providing there are no deficiencies, registration takes place within 24 hours.

Further details on [trade mark application timings](#)²¹

Details on [trade mark fees](#)²²

Further details on [design application timings](#)²³

Details on [design fees](#)²⁴

For the transactions listed above the customer purchases a service covering assessment, searches and rights granting. The fees charged are set in statute and non-variable. The fee is due from the customer irrespective of the outcome of the service i.e. whether or not the right is granted. No obligation exists for IPO to provide refunds.

The timings associated with the above transactions result in a contract liability being held at any point in time and released as performance obligations are met (see note 1(h), note 3(a) and note 13).

Other transactions

All other income is recognised when the performance obligation is completed.

1(h) Contract Liabilities (Deferred Income)

In many instances the IPO collects fees and charges for services before those services are performed. Therefore, at any point in time a prepayment situation exists in respect of unperformed services. Income relating to those services is recorded as contract liabilities (see note 13) and recognised in the Statement of Comprehensive Income in line with IFRS 15: Revenue from Contracts with Customers, as and when the performance obligations have been met. For patent transactions we identify the obligation points as application, search and rights granting stage; and for trade marks and designs we identify the obligations as the completion of examination and rights granting stage. This remains to be an area where judgment is applied and is monitored and reviewed annually. (see note 1(g))

²¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/826521/TrademarkTimeline.pdf

²² <https://www.gov.uk/government/publications/trade-mark-forms-and-fees/trade-mark-forms-and-fees>

²³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/829853/designs-timeline.pdf

²⁴ <https://www.gov.uk/government/publications/design-forms-and-fees/design-forms-and-fees>

1(i) Grant Income

Where government grant income is received relating to assets it is treated as contract liabilities and subsequently recognised in the Statement of Comprehensive Income in line with the utilisation of the asset and in accordance with IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance as interpreted by the FReM. As a Trading fund we apply this interpretation to provide a consistent approach across government and align timing relating to income and costs. Grant funded projects are scrutinised to ensure progress in delivering project milestones, and to ensure the grant offer letter's terms and condition are not breached.

1(j) Taxation

As a Trading Fund we are not liable to pay Corporation Tax. VAT is not chargeable on statutory services. Irrecoverable VAT is charged to the relevant expenditure category or, if appropriate, capitalised with additions to non-current assets. Expenditure is otherwise shown net of VAT. The IPO is not registered separately for VAT, and falls within the BEIS registration.

1(k) Foreign Exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the time of the transaction. All exchange differences (see note 5) are taken to the Statement of Comprehensive Income.

1(l) Operating Lease Rentals

Operating lease rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

1(m) Financial Instruments

The IPO has very limited powers to borrow or to invest surplus funds, and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the IPO in undertaking its activities

1(n) Provisions

All provisions where the time value of money is significant are discounted at the HM Treasury approved rate (see note 14).

1(o) Dividends

Under Section 4(1) of the Government Trading Funds Act the IPO may be set further financial objectives which impact on plans and charges. The current financial objective and performance is shown in the Performance Report. This objective is in part to reflect the cost of capital utilised by the IPO and fees and charges are set to recover costs and meet this further financial objective. This cost of capital equivalent charge is then paid as a dividend to BEIS. BEIS is also able to withdraw additional dividends if there are surplus funds held by the IPO. This arrangement is currently being used to cover the funding requirements for PIPCU, although no dividends were declared during 2019/20.

1(p) Pension Costs

Present and past employees are covered by the provisions of PCSPS and the CSOPS scheme known as 'alpha', which is described in the Remuneration Report. These are multi-employer defined benefit schemes where we are unable to identify our share of the underlying assets and liabilities. In accordance with IAS 19, we do not recognise liabilities associated with these schemes, though information on the schemes in total is available in the Civil Superannuation accounts. We recognise the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS and alpha. In respect of the defined contribution schemes, we recognise the contributions payable for the year.

1(q) Cash and Cash Equivalents

Cash is held within a current account with the Government Banking Service. Cash not required for short-term operational needs is deposited with National Loans Fund. The IPO does not have any bank overdrafts.

1(r) Adoption of New and Revised Standards

The IPO provides disclosure where it has not yet applied a new accounting standard and known or reasonably estimable information relevant to assessing the possible impact that the initial application of a new standard would have on the financial statements.

IFRS 16: Leases provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has a low value. Due to the circumstances caused by Covid-19 and following HM Treasury's agreement with the Financial Reporting Advisory Board (FRAB) the IPO will defer the implementation of IFRS 16 until 1 April 2021.

IFRS 16 will be implemented using the cumulative catch-up method; as a result, comparatives will not be restated, and the measurement of the asset and liability balances recognised with effect from 1 April 2021 will reflect our intentions as at that date. Leases currently classified as operating leases will be assessed and recognised in the Statement of Financial Position in accordance with IFRS 16 criteria, increasing the value of property, plant and equipment assets and the value of lease liabilities. Assessments will take place in the coming year in preparation of the adoption of this standard.

IFRS 17 Accounting for Insurance Contracts replaces IFRS 4 for accounting periods starting on or after 1 January 2023. An insurance contract under IFRS 17 is: "A contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder." The accounting treatment for insurance contracts is based on a risk-adjusted probability-weighted estimate of discounted future cash flows. Insurance contracts are grouped according to the nature of their risks and their start date, and the cash flows and risk adjustment are determined for each group as a whole.

We will adopt IFRS 17 as specified by the FReM following approval from the FRAB. The impact of IFRS 17 is not expected to be significant based upon an initial review of existing contractual arrangements. A full review will be undertaken well ahead of adoption to assess the complete impact. We do not consider that any other new or revised standard or interpretation will have a material impact.

2) Segmental Reporting

Decisions are taken based on the overall position described in the Statement of Comprehensive Income and the Statement of Financial Position. As such, management consider there is only one segment. The IPO is managed as an integrated whole and decisions made on that basis.

3) Income

Analysis of operating income by classification and activity

3(a) Revenue from Contracts with Customers

For the year ended 31 March	2020	2019
	£000	£000
Patents		
Application, Search and Examination Fees	4,183	4,246
Renewals for UK Patents	12,507	11,757
Renewals for European Patents Designating the UK	55,786	48,381
Other	1,705	978
	74,181	65,362
Trade Marks		
Application Fees	24,546	23,316
Renewal Fees	6,470	6,854
Other	3,078	1,353
	34,094	31,523
Designs		
Application Fees	341	311
Renewal Fees	289	293
Other	90	39
	720	643
Total Revenue from Contracts with Customers	108,995	97,528

The table above includes revenue relating to the movement in contract liabilities (note 13) over the reporting period of: patents £226k; trade marks £1,682k; designs £27k.

3(b) Other Operating Income

	2020	2019
	£000	£000
Publications	63	116
Commercial Services	2,377	1,726
Total other operating income	2,440	1,842
Total Turnover	111,435	99,370

Income is from the payment of statutory or non-statutory fees for services plus commercial services provided, and all is attributable to turnover arising in the UK.

4) Staff Costs

Staff costs comprise of salaries and wages, social security cost, pension contributions and contractor costs less capitalised staff costs to create software assets. Further details are shown in the Accountability Report.

	2020	2019
	£000	£000
Salaries and Wages	49,096	43,209
Social Security Costs	5,430	4,775
Pension Costs	12,718	8,888
Agency/Contract Staff	5,407	3,282
Capitalised Staff Costs Included Above	(1,490)	(714)
	71,161	59,440

5) Other Non-Staff Costs

	2020	2019
	£000	£000
IT and Telecoms	12,047	13,008
Accommodation Ex Leases	6,088	4,951
Access to Online IP Databases	2,868	2,755
Innovation Support	1,868	1,439
Training	1,210	1,142
Property Lease Costs	1,120	1,496
Travel	991	1,095
Subscriptions to International Bodies	920	856
Legal and Hearings	810	1,139
Office Supplies and Equipment inc Postage	700	717
Research Co-Operation and Seminars	700	569
Other Admin Costs	681	556
Epo Cost	516	-
Recruitment and Other Staffing Costs	521	961
Outreach and Marketing	497	210
External Programme Assurance	491	-
Banking and Card Commissions	277	267
Hire of Office Machinery	191	135
Departmental Overheads	97	77
Audit Fee ²⁵	58	42
Enforcement Support	-	60
Exchange Rate (Gains) / Losses	(124)	29
Total	32,527	31,504
Non Cash Items		
Amortisation	1,598	1,157
Depreciation	758	834
Provision of Dilapidations	195	-
Total Non Cash	2,551	1,991
Total Cash and Non Cash	35,078	33,495

²⁵ This represents the cost for audit services. There have been no non-audit services provided by the auditors.

6) Financial Income

	2020	2019
	£000	£000
Short Term Deposits - Operating Activities	551	502

The interest derives from deposits with the Government Banking Service and from short term investments with the National Loans Fund.

7) Dividends

A dividend of £3,506k is due to BEIS for 2019/20 in line with our Trading Fund financial objective (see note 1(o)).

The cashflow statement reflects the 2018/19 dividend of £3,861k paid in 2019/20.

BEIS is able to utilise IPO surpluses through taking additional dividends (2019/20: Nil; 2018/19: £1,224k). It currently does so to fund other IP related initiatives, specifically the funding of PIPCU. BEIS is expected to withdraw additional dividends in 2020/21 relating to previous PIPCU funding requirements of £3,822k. This additional dividend was not declared as at 31 March 2020 and therefore has not been recognised as a liability at the balance sheet date.

8) Property, Plant and Equipment

2019/20	Land	Buildings	Plant and Machinery	Information Technology	Total
	£000	£000	£000	£000	£000
Cost or Valuation					
At 1 April 2019	3,570	16,383	2,382	6,781	29,116
Additions	-	-	90	515	605
Revaluation	-	-	-	-	-
Disposals	-	-	(375)	(3,378)	(3,753)
At 31 March 2020	3,570	16,383	2,097	3,918	25,968
Depreciation					
At 1 April 2019	-	-	2,081	6,091	8,172
Provided During the Year	-	310	137	316	763
Surplus on Revaluation	-	(310)	-	-	(310)
Disposals	-	-	(375)	(3,378)	(3,753)
At 31 March 2020	-	-	1,843	3,029	4,872
Net Book Value at 31 March 2020	3,570	16,383	254	889	21,096

2018/19	Land	Buildings	Plant and Machinery	Information Technology	Total
	£000	£000	£000	£000	£000
Cost or Valuation					
At 1 April 2018	3,570	16,383	2,188	6,712	28,853
Additions	-	76	194	68	338
Revaluation	-	(76)	-	-	(76)
Disposals	-	-	-	-	-
At 31 March 2019	3,570	16,383	2,382	6,781	29,116
Depreciation					
At 1 April 2018	-	-	1,948	5,692	7,640
Provided During the Year	-	303	133	398	834
Surplus on Revaluation	-	(303)	-	-	(303)
Disposals	-	-	-	-	-
At 31 March 2019	-	-	2,081	6,090	8,172
Net book Value at 31 March 2019	3,570	16,383	301	690	20,944

The land and buildings referred to above are freehold and were revalued at £19.953 million by the Valuation Office Agency, Newport, South Wales on 31 March 2020 on the basis of existing use. The valuation has been prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors (RICS): RICS Valuation – Global Standards and RICS UK National Supplement, commonly known together as the Red Book. Due to the outbreak of the Novel Coronavirus (COVID-19) the valuation is reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Less certainty can be attached to the valuation than under normal circumstances. Given the unknown future impact COVID-19 may have on the real estate market the valuation of this property will be kept under frequent review. Further details are included in both notes 1 (d) and note 20.

9) Intangible Assets

2019/20	Software in Use	Software Under Construction	Software Total
	£000	£000	£000
Cost or Valuation			
At 1 April 2019	14,977	1,098	16,075
Additions	2,605	1,589	4,194
Reclassifications	1,098	(1,098)	-
Revaluation	157	-	157
Disposals	-	-	-
At 31 March 2020	18,837	1,589	20,426
	-	-	-
Amortisation			
At 1 April 2019	8,203	-	8,203
Provided During the Year	1,594	-	1,594
Surplus on Revaluation	-	-	-
Disposals	-	-	-
At 31 March 2020	9,797	-	9,797
Net Book Value at 31 March 2020	9,040	1,589	10,629
2018/19	Software in Use	Software under Construction	Software Total
	£000	£000	£000
Cost or Valuation			
At 1 April 2018	12,128	608	12,736
Additions	-	3,170	3,170
Reclassifications	2,680	(2,680)	-
Revaluation	169	-	169
Disposals	-	-	-
At 31 March 2019	14,978	1,098	16,075
Amortisation			
At 1 April 2018	7,046	-	7,046
Provided During the Year	1,157	-	1,157
Surplus on Revaluation	-	-	-
Disposals	-	-	-
At 31 March 2019	8,203	-	8,203
Net Book Value at 31 March 2019	6,774	1,098	7,872

All software is internally generated.

Intangible assets are revalued annually by reference to the most appropriate price indices.

Software under construction includes a government grant funded asset with a carrying value of £1,577k as at 31 March 2020, the value of the grant awarded being £992k (note 13). It is expected that this asset will go live on 30 September 2020 and have a useful economic life of 10 years.

Software in use includes three projects with material values: TM10 has a carrying value of £3,932k and a UEL of 4 years 3 months, Designs has a carrying value of £1,075k and a UEL of 4 years 3 months and Renewals has a carrying value of £2,951k with a UEL of 9 years 6 months.

10) Non-Current Trade Receivables

	2020	2019
	£000	£000
Prepayments and Accrued Income	658	512
	658	512

11) Current Trade Receivables

	2020	2019
	£000	£000
Trade Receivables	9,088	3,680
Other Receivables	17	(2)
Prepayments and Accrued Income	7,736	7,419
	16,841	11,097

12) Cash and Cash Equivalents

	2020	2019
	£000	£000
Balance at 1 April	92,946	101,501
Net Change in Cash and Cash Equivalent Balances	(2,444)	(8,553)
Balance at 31 March	90,502	92,948
Government Banking Service	89,051	31,987
Commercial Banks and Cash in Hand	1,451	959
Short Term Investments with National Loans Fund	-	60,000
	90,502	92,946

13) Current Liabilities

	2020	2019
	£000	£000
Trade and Other Payables		
User Deposit Accounts	7,720	6,778
Trade Payables	15,488	12,972
	23,208	19,750
Other Liabilities		
Contract Liabilities - Prepayment	4,755	6,701
Contract Liabilities - Grant Income	992	-
Taxation and Social Security	1,375	1,224
Superannuation	1,346	990
Other Liabilities	980	65
Dividend Payable	3,506	3,861
Untaken Annual Leave Owed	2,344	1,912
Accruals	4,565	4,921
	19,863	19,674

Judgements surrounding contract liabilities and subsequent release and recognition of income are detailed in notes 1 (g) and note 3(a). The change to accounting estimates in 2019/20 has resulted in an additional £1.7million being recognised in revenue over the reporting period.

14) Provision for Liabilities and Charges

Dilapidations

A provision has been made in respect of dilapidations based on the future expected repair costs required to restore the IPO's leased buildings at Abbey Orchard Street, to its' fair condition at the end of the lease term.

	2020	2019
	£000	£000
At 1 April	-	38
Provision Made in Year	195	-
Unwinding of Discount on Provision	-	-
Payments Offset Against the Provision	-	(38)
At 31 March	195	-
Less Amount Payable Within One Year (Included in Current Liabilities - see Note 13)	(195)	-
Amount Payable After One Year	-	-

15) Commitments Under Leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2020	2020	2019	2019
	Buildings	Other	Buildings	Other
	£000	£000	£000	£000
Leases falling due:				
Within 1 year	2,049	62	2,129	70
Between 1 and 5 Years	1,752	19	1,826	36
After 5 Years	667	-	491	-
	4,468	81	4,446	106

There are no commitments under non-cancellable contracts apart from leases.

16) Future Income Due Under Non-Cancellable Operating Leases

	2020	2019
	£000	£000
Land and buildings:		
Receivable Within 1 Year	1,137	1,248
Receivable Within 2-5 Years	-	1,352
Total	1,137	2,600

This relates to rental income received for our Aldgate Tower premises. Notice has been given to end our lease in February 2021, therefore only a further 11 months of rental income is due.

Rent due in 2019/20 is recognised as commercial services income in note 3 (b); £1.3 million (2018/19 £1.1million).

17) Contingent Liabilities

The IPO has no contingent liabilities at 31 March 2020. (2018/19: Nil)

18) Related Party Transactions

The IPO is an executive agency of BEIS. BEIS is regarded as a related party. During the year, the IPO had various material transactions with BEIS. These were the dividend and some payments for central services provided by BEIS. In addition, the IPO had a small number of material transactions with other government departments and other central government bodies. Most of these transactions were with the UK Statistics Authority, HM Treasury, the Cabinet Office, Crown Commercial Service and UK SBS for services such as accommodation and legal services.

None of the Steering Board members, directors or other related parties have undertaken any material transactions with the IPO during the year.

19) Financial Instruments

We are required to disclose the role which financial instruments have had during the period in creating or changing the risks the IPO faces in undertaking its activities. The key risk for the IPO arising from financial instruments is interest rates. Financial instruments play a more limited role in creating or changing risk than would be typical of the listed companies to which this mainly applies. The IPO has very limited powers to borrow or to invest surplus funds, and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the IPO in undertaking its activities.

Liquidity risk

The IPO is not exposed to liquidity risk given the present net liquid asset position.

Market Risk

All of the IPO's liabilities carry nil or fixed rates of interest.

Interest bearing financial assets comprise cash balances which are held at floating rates of interest. Given that cash is available on demand or is placed on short term deposit at fixed rates and given that interest is budgeted conservatively, interest rate risk is limited but remains a factor because of the level of cash balances held. Longer term cash deposits do not exceed six months. Sufficient cash and cash equivalents are maintained to meet any demands in that time frame.

Credit risk

There is no material credit risk to the IPO.

20) Events After the Reporting Period

Property, Plant and Equipment Non-Current Assets

The COVID-19 pandemic has resulted in marketplace uncertainty which IPO considers to be an indication that property, plant and equipment Non-Current Assets (note 8) may be impaired in accordance with IAS 36 - Impairment of assets.

As such, we reviewed the appropriateness of our property, plant and equipment non-current asset valuations as at 31 March 2020 and consider that they are not materially misstated (note 1(d)).

As confirmed by our valuer, there remains significant uncertainty in the property market and in the current climate any decision to revise our property valuation would be necessarily arbitrary and un-evidenced.

Our non-current assets are reported in line with our accounting policy, recognising that we will need to keep these valuations under frequent review and will maintain communication with our valuer to establish appropriate next steps, e.g. impairment review and the timings of those.

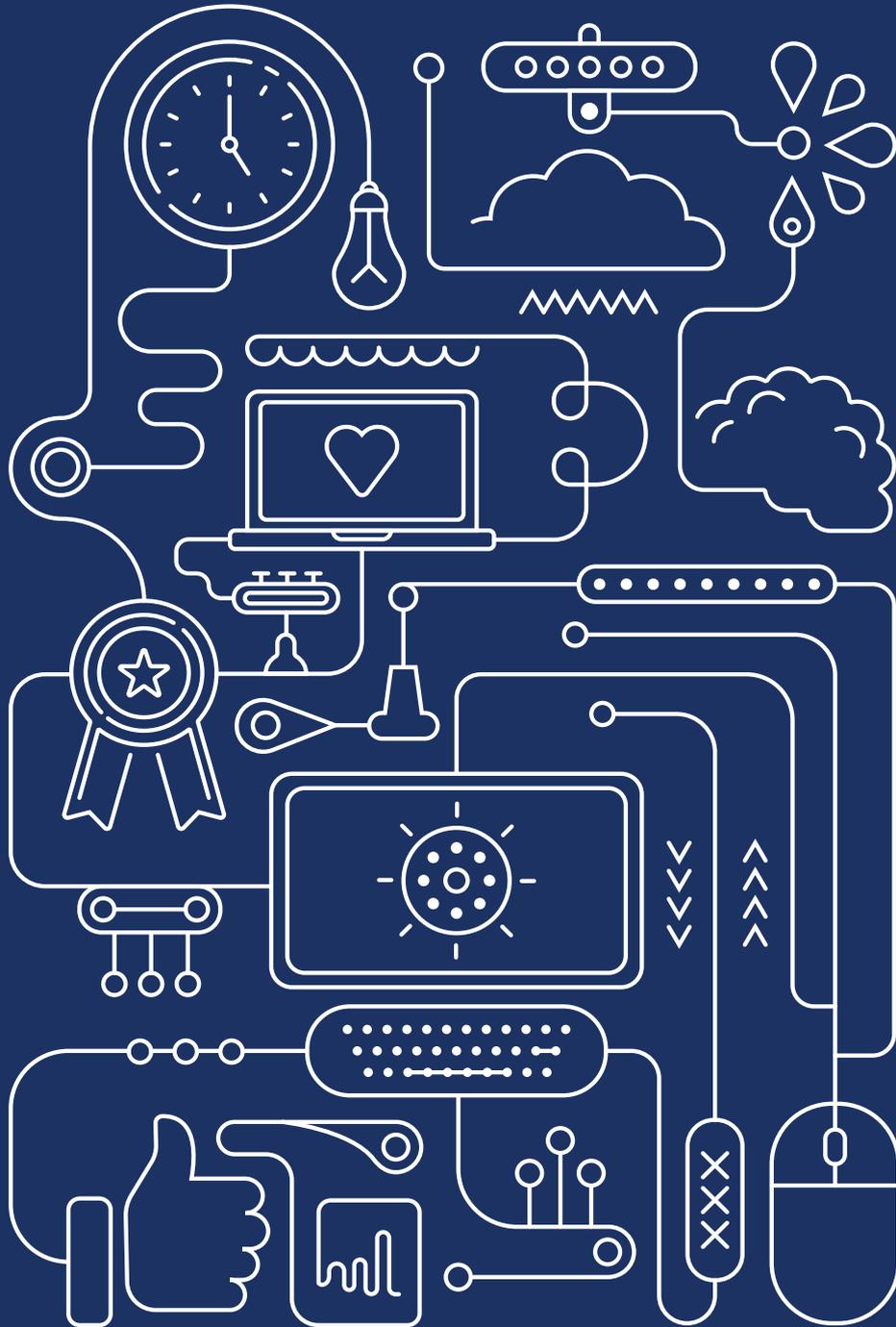
We have concluded that the property valuation remains applicable as at 31st March 2020.

Provisions for Liabilities and Charges

On 20 May 2020 notice was served to invoke the break clause set out in the lease of our Aldgate Tower premises. The response was received on 27 May stating they acknowledged receipt of the break notice and confirmed the lease would terminate on 22 February 2021.

Whilst an obligation exists for us to settle a future dilapidation charge it is too soon to anticipate the associated value and timing. As the process of vacating progresses, we will seek information to quantify any potential liability due. Any liability will be included in the financial statements for the next reporting period.

These financial statements are laid before the House of Commons by the Department for BEIS. IAS 10 required us to disclose the date on which the accounts are authorised for issue. This is the date that the Comptroller and Auditor General signs the certificate.



**The Patent Office
Annual Report and Accounts
2019/20**

Appendix A

Treasury Minute for the Patent Office Trading Fund

The Patent Office Trading Fund:

1. Section 4(1) of the Government Trading Funds Act 1973 provides that a trading fund established under that Act shall be under the control and management of the responsible Minister and in discharge of his function in relation to the fund it shall be his duty:
 - (a) to manage the funded operations so that the revenue of the fund:
 - (i) consists principally of receipts in respect of goods or services provided in the course of the funded operations, and
 - (ii) is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account; and
 - (b) to achieve such further financial objectives as the Treasury may from time to time, by minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.
2. A trading fund known as The Patent Office was established on 1 October 1991 in pursuance of The Patent Office Trading Fund Order 1991 (S.1 1991 No. 1796).
3. The First Secretary of State, Secretary of State for Business, Innovation and Skills, being the responsible minister, has determined (with Treasury concurrence) that a further financial objective desirable of achievement by The Patent Office Trading Fund for the 5-year period from 1 April 2014 to 31 March 2019 shall be to achieve a return, averaged over the period as a whole, of 4.0 per cent in the form of a surplus on ordinary activities before interest payable on long term Treasury loans and dividends payable expressed as a percentage of average capital employed. Capital employed shall equate to the capital and reserves, ie the Public Dividend Capital, long-term element of Exchequer loans and reserves.
4. This minute supersedes that dated 23 June 2009.
5. Let a copy of this minute be laid before the House of Commons pursuant to section 4(1)(b) of the Government Trading Funds Act 1973.

HM TREASURY

19 May 2014

A revised minute has been approved by HM Treasury for the next five year period commencing 1st April 2019 amending the rate of return from 4% to 3.5%. This revised rate has been applied in the accounts.

The minute is subject to the formal laying process, which had not been completed at the time of signing these accounts.

2019/20

Concept House
Cardiff Road
Newport
NP10 8QQ

Tel: 0300 300 2000
Email: information@ipo.gov.uk
Web: www.gov.uk/ipo

Facebook: TheIPO.UK
Twitter: @The_IPO
YouTube: ipogovuk
LinkedIn: uk-ipo

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