



Intellectual
Property
Office

The Patent Office Annual Report and Accounts

2023/24



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2023/24

The Patent Office

For the period 1 April 2023 to 31 March 2024.

Annual Report presented to Parliament pursuant to section 121 of the Patents Act 1977, section 42 of the Registered Designs Act 1949 and section 71 of the Trade Marks Act 1994, and accounts presented to Parliament pursuant to section 4(6) of the Government Trading Funds Act 1973 as amended by the Government Trading Act 1990.

The Patent Office is an Executive Agency of the Department for Science, Innovation and Technology (DSIT).

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Chair's Statement

The Intellectual Property Office (IPO) is an executive agency of the Department of Science, Innovation and Technology (DSIT), responsible for the IP system, including the UK's IP policy, educating businesses and consumers about IP, supporting IP enforcement and granting UK patents, trade marks and design rights. Our work supports innovation and helps the UK economy and society to benefit from knowledge and ideas.

The IPO's activities support the government's aims to cement the UK's place as a global leader in science and technology and have the best creative industries in the world. The IPO plays a fundamental role in achieving this by working to give researchers, inventors, creators, businesses and organisations the confidence to invest their time, energy and money in doing something new.

This is my third report as IPO Chair, and I am pleased to report that in 2023/24 we have performed strongly against our ministerial targets and delivered against our strategic priorities for the year.

We have experienced strong demand for all our services particularly in trade marks, designs and tribunals, and provided excellent customer service by putting our customers at the heart of everything we do. We ensured continued excellence in developing and implementing our One IPO Transformation Programme, our most ambitious service change programme in 170 years. We continued to work collaboratively with colleagues in other government departments and internationally to promote the advantages of the UK IP system and to pursue ways to improve and shape it to benefit the UK.

The IPO Steering Board works closely with the executive directors to provide advice, guidance and constructive challenge on the strategy, operation and development of the IPO. During the year, alongside regular oversight of delivery, finances, accounts and risk management, the Steering Board focussed on the One IPO Transformation Programme and supporting development of the new IPO Strategy for 2024-2027.

Our 2024-2027 strategy provides renewed focus and ambition for our work, based on three pillars:

- our services: high-quality, efficient and accessible
- our policy: supporting innovation and the economy; through
- our organisation: high-performing, with skilled people connected by shared purpose

I am grateful to the whole IPO team who are impressively committed to delivering and adapting to serve our customers and developing the IPO for the future. Our people are our greatest asset and are at the forefront of our continued success. I want to thank my non-executive and executive director colleagues for their professionalism, skill and commitment and for working together to deliver the achievements set out in this annual report.



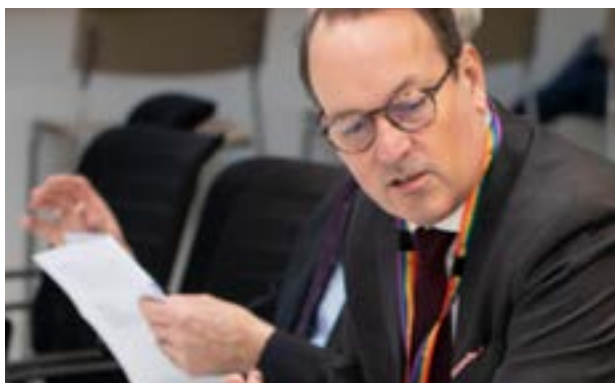
This is my third report as IPO Chair, and I am pleased to report that in 2023/24 we have performed strongly against our ministerial targets and delivered against our strategic priorities for the year.



About Harry

Harry Rich is Registrar of Consultant Lobbyists, governor of the Glasgow School of Art, an executive coach and business advisor. He is a non-practising solicitor, Companion of the Chartered Management Institute and Fellow of the Royal Society of Arts.

Harry was Chief Executive of the Royal Institute of British Architects and of Enterprise UK, Deputy Chief Executive of the Design Council, Chair of the Valuation Tribunal Service and developed and sold two businesses. He has been a board member of the UK government's Creative Industries Council and the US-based Design Management Institute.



About Adam

As CEO of the IPO, Adam is responsible for advising ministers on all IP policy matters, the delivery of IP services to customers and for the efficient and effective operation of the office.

Adam took up post as Chief Executive and Comptroller General of the UK's Intellectual Property Office on 12 December 2022.

Adam joined the Intellectual Property Office in late 2009 as Head of International Coordination in the Copyright and Enforcement Directorate. He then took up the role of Deputy Director International Policy in July 2013 and the role of Director in September 2017 where he

was responsible for the Office's international activities, trade negotiations, support to UK business and academia as well as bolstering the IP ecosystem in the UK.

Adam has previously worked in the UK Government on Defence policy matters and has extensive experience dealing with policy issues in the EU, UN and NATO as well as undertaking bilateral negotiations.

Adam also held a voluntary Non-Executive Director role for the Welsh Rugby Players' Association between 2019 and 2021.

Adam has a Bachelor of Sciences degree and a Master's degree in Business Administration.

Chief Executive's Introduction

I am delighted to introduce the Annual Report and Accounts for 2023/24.

The IPO plays a fundamental role in supporting the government's aims to strengthen the UK's place as a global leader in science and technology through encouraging innovation and creativity.

We have had another successful year delivering many significant achievements including:

- continuing to deliver outstanding levels of customer service, in the context of increased demand in our rights granting areas. We exceeded our customer satisfaction target
- continuing our Transformation Programme to build new digital services; delivering many parts of the first phase, preparing our customers and staff for change and proactively engaging with our key stakeholders to ensure we can meet our customers' current and future needs
- successfully supporting the Retained EU Law (Revocation and Reform) Bill to end the special status of REUL by the end of 2023, through reviewing a significant number of pieces of legislation relating to IP and advising ministers on decisions in relation to IP-related REUL
- supporting the government's ambitious programme of negotiating free trade agreements (FTAs) and helping UK businesses to trade internationally, with the primary focus of strengthening intellectual property regimes across partner countries
- evaluating our office-wide approach to supporting innovative Small and Medium Enterprises (SMEs) in making the most of their IP assets and identifying ways to achieve greater value and impact from our work to support SMEs
- developing our strategic workforce planning capability to ensure our workforce is fit for the future supported by the right skills, tools, technologies and accommodation
- defining our target culture to help us achieve and deliver our organisational strategy, creating a sense of community and belonging across the IPO
- reshaping our organisational strategy to 2027, ensuring we retain a focus on continuing our successful contribution to the UK economy and society and responding to the ever-changing external landscape
- maintaining second position in the 2024 US Chamber of Commerce International IP Index¹ which represents a comprehensive assessment of the world's intellectual property frameworks

1. [2024 International IP Index | U.S. Chamber of Commerce \(uschamber.com\)](https://www.uschamber.com)

Looking Forward

We remain fully committed to delivering our core responsibilities through providing high-quality, timely, consistent, equitable rights granting functions.

In line with our refreshed strategy, our focus for 2024/25 is on the specific actions we need to take to make sure that we can continue to deliver in an environment where the speed of change and society's expectations are ever increasing.

We want to continue to make working with IP easier for everyone and 2024/25 will be a significant year for us in further transforming our services and continuing on the path of becoming a more innovative and high-performing organisation. Changes in the external landscape will continue to present a challenging and evolving operating environment.

We will continue to deliver an IP system that supports creativity and innovation, so that UK ideas and discoveries can become truly valuable solutions that encourage investment and growth in the UK economy, benefit society and contribute to a sustainable future.

We will continue to promote the advantages of the UK IP system, pursue ways to improve it, and shape the system internationally to benefit the UK. Our collaborative efforts with law enforcement partners also continue to develop and contribute to the fight against IP crime and infringement.

To continue to deliver our plans effectively we need an engaged, skilled and empowered workforce and we will continue to support our people with the resources, development and working environment they need to thrive and make the IPO even better.



Adam Williams

Chief Executive and Accounting Officer

18 November 2024







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Performance Report

Of Everything
We Do



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Part 1: Overview

The purpose of this overview section is to provide sufficient information about the IPO including its purpose, its structure, its priorities and a short summary of performance against those priorities.

About the IPO

The Intellectual Property Office is an executive agency and trading fund, sponsored by the Department for Science, Innovation and Technology. We are responsible for the UK IP framework including the patents, trade marks, designs and copyright systems.

Our mission at the IPO is to help people grow the UK economy by providing an IP system that encourages investment in creativity and innovation.

Our journey dates back more than 170 years, a rich history that strengthens our enduring commitment to fostering innovation and creativity. IP is vital to the government's ambition to make the UK the most innovative economy in the world and cement its position as a science and technology superpower.

Our core responsibilities are the examination, granting and registration of IP rights and the maintenance of the IP registers. These responsibilities are the foundation on which IPO is built and continue to remain of primary importance to us.

The data we hold is valuable with more than 3 million granted rights held across our registers. We make data publicly and freely available for researchers, inventors and creators. In doing so, we support the UK to maintain and grow its reputation for innovation and help society to benefit from knowledge and ideas.

We shape and implement the national framework governing IP rights and promote the UK's interests in the development of the international IP rights system.

We also raise business and consumer awareness of the risks surrounding IP crime and infringement. While we do not have direct enforcement powers, we work closely with law enforcement and other agencies.

Our organisation is led by the Chief Executive and Accounting Officer, Adam Williams. The IPO corporate governance structure comprises of the Executive Board (IPOB), supported by three sub-committees and a Transformation Programme Board, the Steering Board and the Audit and Risk Committee, each with complementary functions. 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 Document² and in our Governance Statement.

We have a robust framework in place for monitoring and managing our performance against our corporate priorities and regularly report our performance to our Boards and Committees. Strategic level risks were created for each corporate priority to identify risks to non-delivery and appropriate mitigating activities. These are reviewed, updated and reported at IPOB each month to challenge progress and provide assurance on delivery. Throughout the year a number were either closed as they were no longer a risk or de-escalated to the appropriate Corporate Level Committee for ongoing management of the remaining activities.

2. Our governance - Intellectual Property Office - GOV.UK (www.gov.uk)

Organisational Structure

Adam Williams
CEO &
Comptroller General

Stephanie Dales
Interim
Director of Strategy

Andy Bartlett
Deputy CEO and
Director of Services

Neil Hartley
Finance Director

Chris Mills
Director of Rights Policy
and Enforcement

Sian-Nia Davies
Chief Digital Data and
Technology Officer

Penny Phillpotts
Director of People and Places

Ben Llewellyn-Jones
Director of Business and
International policy

IPO 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.

Our work this financial year was centred around the three strategic pillars from our previous organisational strategy to 2026 and we continued to report against our existing strategic framework:

Deliver Excellent IP Services

Delivering Excellent IP services – our ambition is to be completely customer-focused in delivering services that are easy to use, operate to world class leading standards and change to meet future needs.

Create a World-Leading IP Environment

Creating a World Leading IP Environment – our ambition was to ensure the IP system supports and inspires innovators and creators so they, and society, get the most out of their ideas at home and abroad.

Make the IPO a Brilliant Place to Work

Our people are key to achieving these ambitions and that is why our ambition under our Brilliant Place to Work pillar is to create an environment where they can do their best work, ensuring they feel valued, have the right skills, resources and capability to deliver and the confidence to do what is right for our customers, stakeholders and each other.

To help achieve the above, our corporate priorities in 2023/24 were to:

- deliver our core IP rights granting services
- continue to transform the way we deliver our services through our One IPO Transformation Programme
- seek outcomes for the IP framework which benefit the UK economy in Retained EU Law (REUL) and trade negotiations
- evaluate our office-wide approach of supporting innovative SMEs in making the most of their IP assets
- develop our strategic workforce planning capability to enable us to build an organisation that is the right size and shape and has the skills and places it needs to deliver our priorities over the longer term
- undertake a culture audit to better understand the current IPO culture and design our future culture needs
- confirm the vision for the IPO and developing the IPO strategy

Our awards

INVESTORS IN PEOPLE™
We invest in people Gold



Summary Performance Appraisal

We have made significant progress against our Corporate Priorities. Key highlights from 2023/24 include:

Strategic Goal	Ministerial Target	Target	Achieved	Result
Delivering Excellent IP Services	Launch our Transformed One IPO rights granting service for selected patents customers by end of March 2024.	Ministerial	By 31 March 2024	Target partially met. Whilst we have completed the vast majority of the work necessary to launch our Transformed One IPO rights granting service for selected patent customers, the work has taken longer than we anticipated in order to ensure the services and tools we provide to our customers and staff meet their expectations
	Achieve an average overall customer satisfaction of 85% or more.	Ministerial	87%	Target Exceeded
Making the IPO a Brilliant Place to Work	Define the ideal culture to deliver our strategy by October 2023 and develop a detailed culture change plan by January 2024 setting out how we will move from our current culture to our future ideal culture.	Ministerial	By 31 March 2024	Met
	Achieve efficiencies worth at least 3.5% of our core operating costs.	Ministerial	5.8%	Target Exceeded

Key highlights from 2023/24 include

Delivering Excellent IP Services

- retaining our ISO 9001:2015 Quality Certification – a global standard for quality management systems that help us to meet our customer and regulatory expectations
- providing almost £1m of funding for 389 businesses to help them identify their IP assets
- delivering 94% of requests for an accelerated two month turnaround for patent search, publication and examination against a target of 90%
- maintaining performance against our customer service standards for trade mark examination despite increased demand
- consistently meeting our customer service standards despite applications for designs reaching a record high
- exceeding our service availability targets for both our customer facing and business critical internal services
- making huge steps towards delivering our new patents service, data-cleansing and transferring hundreds of thousands of patent records to allow our customers a single view of their patents on their IPO Customer Account

Creating a World Leading IP Environment

- reviewing 1,500 pieces of EU derived legislation related to IP in response to the government's introduction of the Retained EU Law Bill to end the special status of REUL by the end of 2023 and providing clear and timely advice for ministers to make decisions on IP-related REUL
- supporting negotiations for substantive IP chapters in Free Trade Agreements (FTA's) with India, Gulf Cooperation Council (GCC), Israel, Switzerland, Canada and Mexico and beginning preparations for negotiations with Turkey
- delivering a suite of work to help us to understand how our current services, interventions and activities support Small and Medium Enterprises (SMEs)

Making the IPO a Brilliant Place to Work

- completing an 'As-is' workforce review to help us to understand how our workforce currently supports our organisational strategy and what we need to do to progress our future ambitions in relation to our workforce
- developing an interim Accommodation Strategy and beginning further work to interrogate longer-term strategic direction of our accommodation
- developing a five-year Leadership and Management Strategy to help us put in place the right things to achieve our cultural and strategic aims
- continuing our focus on improving representation of women in STEM roles and strengthened our successful Code First Girls relationship
- agreeing our new organisational strategy to 2027 to focus on what really matters in the rapidly changing world that we operate and work in
- recording over 300 entries on our Benefits Portal supporting our commitment to continuous improvement and recording over £7.5m in total savings for the IPO

Part 2: Performance Analysis: Review of IPO Business 2023/24

The purpose of this section is to provide a detailed view of the performance of the IPO in 2023/24. This will include a more detailed account of progress against our corporate priorities and a financial summary.



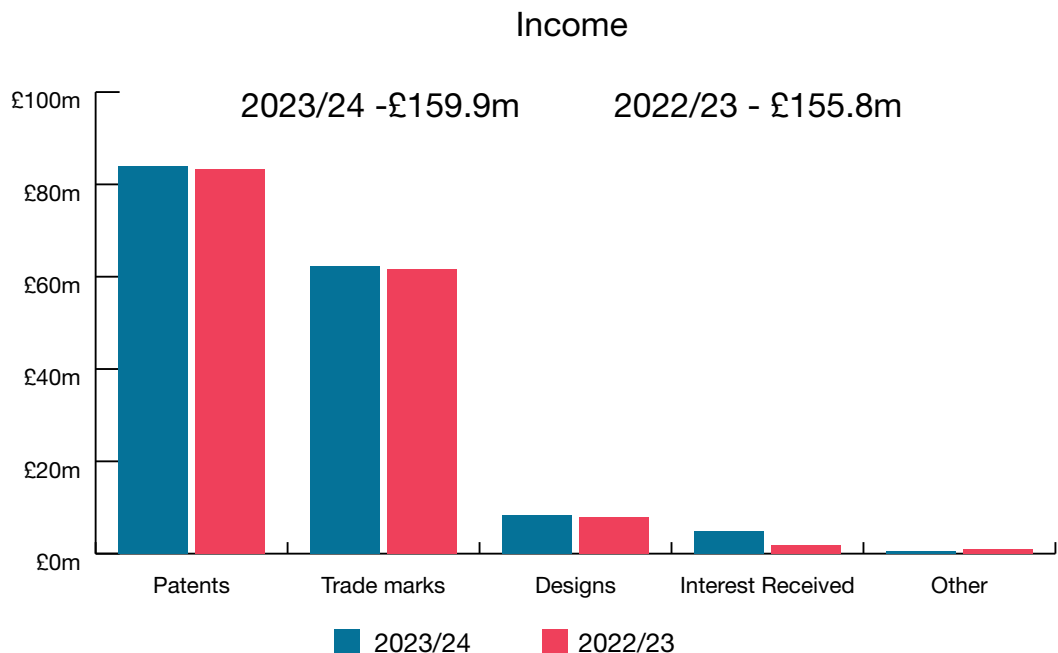
Financial Summary

The IPO has generated a retained surplus of £2.5m for the 2023/24 financial year (£9.6m in 2022/23). This reflects a much closer alignment of costs and income following a period of uncertainty and significant growth in demand for our services predominantly due to the UK's departure from the EU and the COVID-19 pandemic as well as growth in the use of IP by businesses.

In the last couple of years we have started to experience a more consistent level of demand. Based on current market conditions and known external factors this is anticipated to remain relatively stable with small incremental increases expected across all rights granting services for the foreseeable future.

Income

During the reporting year we have generated £159.9m of income (£155.8m in 2022/23). This reflects a small amount of growth in revenue from customers (£1.7m) and additional non-statutory income (£2.4m) which predominantly reflects increases in rates and interest generated by funds held at the bank. This is seen as a short term windfall as rates are expected to reduce and cash reserves are fully allocated (mostly to our Transformation Programme) which will continue to be utilised over the next couple of years.



Expenditure

Operating costs have increased in recent years as we have grown the organisation to meet demand. Total expenditure for 2023/24 was £157.4m (£146.2m in 2022/23).

Staff costs make up approximately 69% of all expenditure for the IPO. The annual pay award, one-off cost of living payment to employees and an increase in accrued holiday leave account for the majority of the increase in expenditure from last year. This was offset, in part, by a £2.7m reduction in European Patent Office (EPO) outsourcing costs as a result of fulfilling more patent search work internally.



Our One IPO Transformation Programme continues and we anticipate the completion of phase 1, and transition to phase 2, in the 2024/25 financial year. As previously reported, this ambitious capital investment programme of work is funded by cash reserves which have been accumulated in previous years and earmarked to fund this activity.

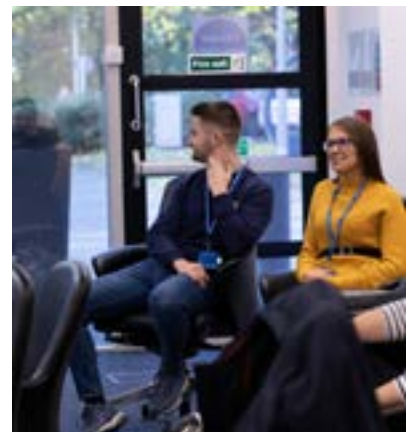
At the end of 2023/24 our cash and cash equivalents reduced to £95.4m (£101.6m at the end of 2022/23). This balance remains fully allocated to fund the planned completion of our Transformation Programme, cover other known liabilities such as funds held on behalf of deposit account customers, the EPO and, given our trading fund status, provide a sufficient level of working capital coverage.

Financial sustainability

Remaining financially sustainable is a top priority for the IPO. This is specifically recognised in our refreshed strategy. We continue to make improvements to our governance, financial planning and longer term forecasting processes.

We have also made good progress in aligning ourselves with the government framework on efficiencies and have continued to raise awareness and encourage staff to identify opportunities for improvements that deliver efficiency gains and savings. As well as making an important contribution to the financial sustainability of the IPO, this has also enabled us to continue to meet and exceed our annual ministerial target of 3.5% (5.8% achieved in year).

As we look forward to 2024/25, we are content that fees currently remain at the correct level to fund planned activity, with income and operating costs closely aligned within our approved corporate plan budget. Our longer term forecasting has identified some emerging financial pressures which will be managed as far as possible but may require an adjustment to fees within the next five years. This position will continue to be monitored closely, and we will take the necessary steps to formally adjust our statutory fees at the right time and under the right circumstances.



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 measure our performance against these targets and report progress to our Steering Board, IPO 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 2023/24 and performance against these are set out below:

Ministerial Targets

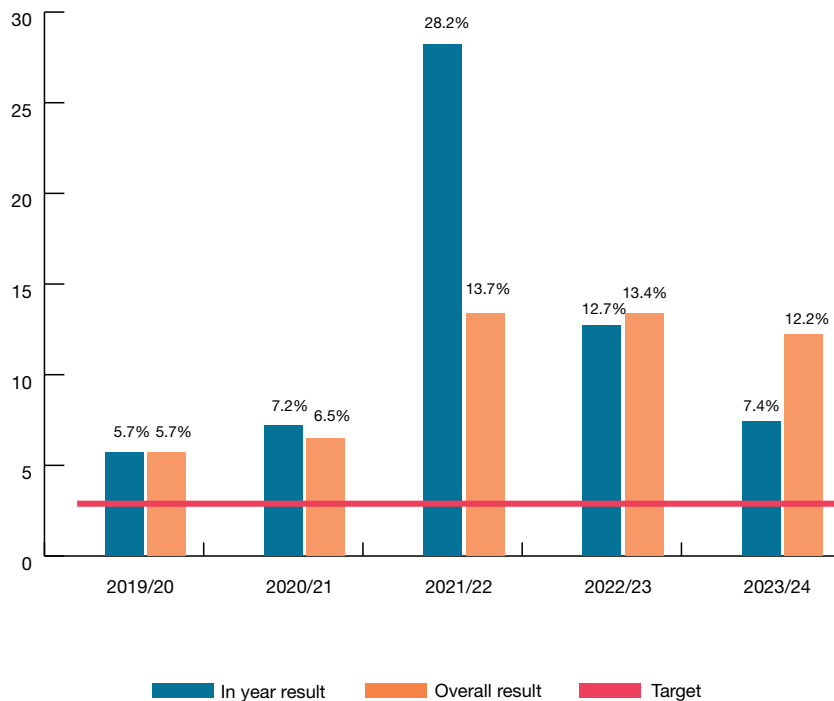
Strategic Goal	Ministerial Target	Target	Achieved	Result
Deliver Excellent IP Services	Launch our transformed One IPO rights granting service for selected patents customers by the end of March 2024	By 31 March 2024	March 2024	Partially Met
	Achieve an average overall customer satisfaction of 85% or more	85%	87%	Met
Making the IPO a Brilliant Place to Work	Define the ideal culture to deliver our strategy by October 2023 and develop a detailed culture change plan by January 2024 setting out how we will move from our current culture to our future ideal culture	By 31 March 2024	March 2024	Met
	To achieve efficiencies worth at least 3.5% of our core operating costs	3.5%	5.8%	Met



As a trading fund, we are required by HM Treasury to achieve a Return on Capital Employed (ROCE) over a five-year period. (1 April 2019 to 31 March 2024).

Strategic Goal	Ministerial Target	Target	Achieved	Result
HM Treasury ROCE	Achieve a ROCE of at least 3.5% over a five-year period	3.5%	7.4%	Met

ROCE April 2019 to March 2024



We achieved a high result in 2021/22 due to an exceptional increase in trade mark applications received, and the significant backlog being cleared.

Corporate Priorities 2023/24

In 2023/24 we set seven corporate priorities which outlined the activities we planned to undertake during the financial year, aligned to our three-pillar framework as set out in our previous organisational strategy to 2026. The following section details the progress we made towards delivering against these seven priorities.



Delivering Excellent IP Services

Delivering our core IP rights granting services

We put our customers at the heart of everything that we do, a commitment to service levels, quality and responsiveness that sees our customers consistently rate us alongside the highest performing organisations in the public or private sectors in our regular Customer Satisfaction Survey. In all four quarters of 2023/24 we were rated at 87%, exceeding our ministerial target (85%). One of the key drivers of this high satisfaction is our continued high performance against our stretching Customer Service Standards, which tell customers what levels of service they can expect. This is particularly impressive in a year where demand for most of our services has increased above forecast (significantly in some cases). We maintain transparency in our performance against those standards by publishing our performance online³.

During 2023/24, we have piloted a measure of our quality-of-service performance across patents, trade marks and designs, using consistent methodology across all three rights. Our overall results have been broadly consistent and benchmark well with other IP offices. As such, we plan to publish results for 2024/25 alongside our other Customer Service Standards.

Our customers also continue to rate our people exceptionally highly and we consistently saw our “Customer First” scores exceed 90% in each quarter’s survey. Customers really appreciate being able to speak with members of staff directly by telephone if they need help. Every year we receive around 7,000 pieces of customer feedback and a large proportion of this comprises compliments where our customers regularly tell us we are doing well, and where colleagues have gone the extra mile to supply great customer service.

During the year we extended our “Speaking our Customers” Language programme to ensure that more of our customer communications are easy to understand for our wide range of service users. This has contributed to customer complaints falling by one third compared to the previous year. This initiative has been shared across government through the Operational Delivery Profession network and we have met with several departments and agencies who have shown interest in this work with a view to spreading best practice in communicating with customers.

3. IPO customer service standards - GOV.UK (www.gov.uk)



Our complaints process is clearly signposted from our website. When we do receive a complaint, it is handled via our three-tier process and in 2023/24 we continued to respond to most customers within our 10-day service standard.

We continue to develop our approach to supporting vulnerable customers and are working across government and beyond to implement good practice for our teams to support those who need additional help to access our services.

Our customer care programme has made improvements over the year, culminating in our first ever customer care conference, with some of our largest customers attending our Newport office. The event was a great success for both customers and the IPO and will become a key pillar in our strategy to build productive relationships with our customers in future.

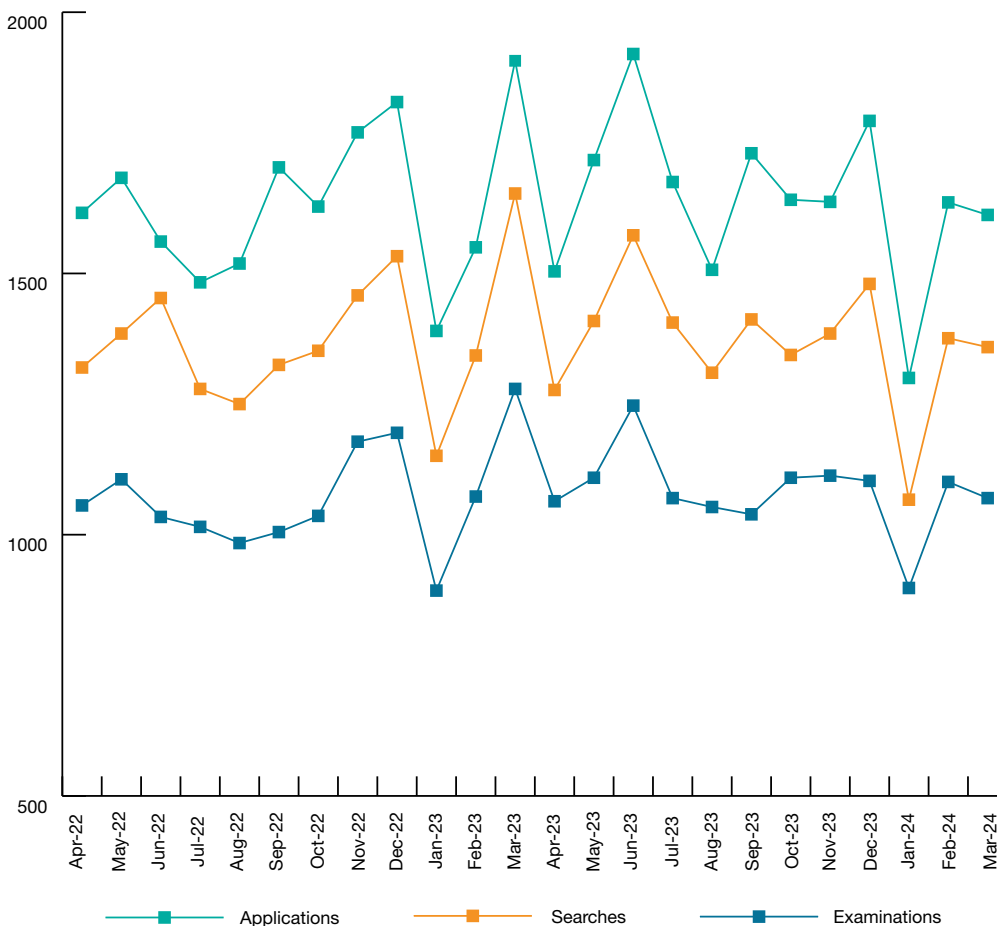
We retained our ISO 9001:2015 quality certification - a global standard for quality management systems that helps organisations to meet customer and regulatory expectations. At the IPO, the standard covers our granting and registration of IP rights. We also retained our Customer Service Excellence accreditation.

We continued to provide financial support to innovative SMEs to help them maximise the value of their IP. Working with our partner organisations, we continued to deliver the IP Audit scheme which provided funding of almost £1m for 389 businesses to help them identify their IP assets and understand how to leverage value from them.

Our Outreach teams have engaged with over 2,000 people during the year, both face to face and virtually. This includes contact at 13 bespoke or large events, those they have presented to at eight online webinars and attendees at presentations for 14 universities across the UK. The team have also attended four export academy events in conjunction with the Department for Business and Trade.

Patents

Patents - Applications, Searches and Exams





Patents*	2023/24	2022/23	Year on Year Percentage Movement
Applications Received	19,671	19,638	0.2%
Searches	16,398	16,502	-0.6%
Examination Requests	12,976	12,854	0.9%

With demand for our search and examining services continuing to be greater than our capacity to process the work and a scaling back of the amount of search work we contracted out to the European Patent Office (EPO), we faced significant challenges in delivering against our customer service standards. We continued to prioritise requests for search, combined search and examination and accelerated actions to ensure that those applicants with time-critical needs received a quicker service.

We have continued to recruit patent examiners to meet demand levels and intend to continue doing so over the next three to five years. While we build this capacity, we are again stepping up the amount of search work we are contracting out to the EPO to prevent the further build-up of backlogs of work.

Against our customer service standards this year, we delivered 94% of requests for an accelerated (two-month) turnaround for search, publication, and examination against a target of 90%.

We also continued to deliver against our standard of six months for search and combined search and examination turnaround, with no month exceeding six months and 11 days for delivery of 90% of searches/combined search and examination and in March 2024 delivering 90% in five months and 28 days. There was only one search older than six months in the Office at the end of the

year, alongside four which had been contracted out to the EPO.

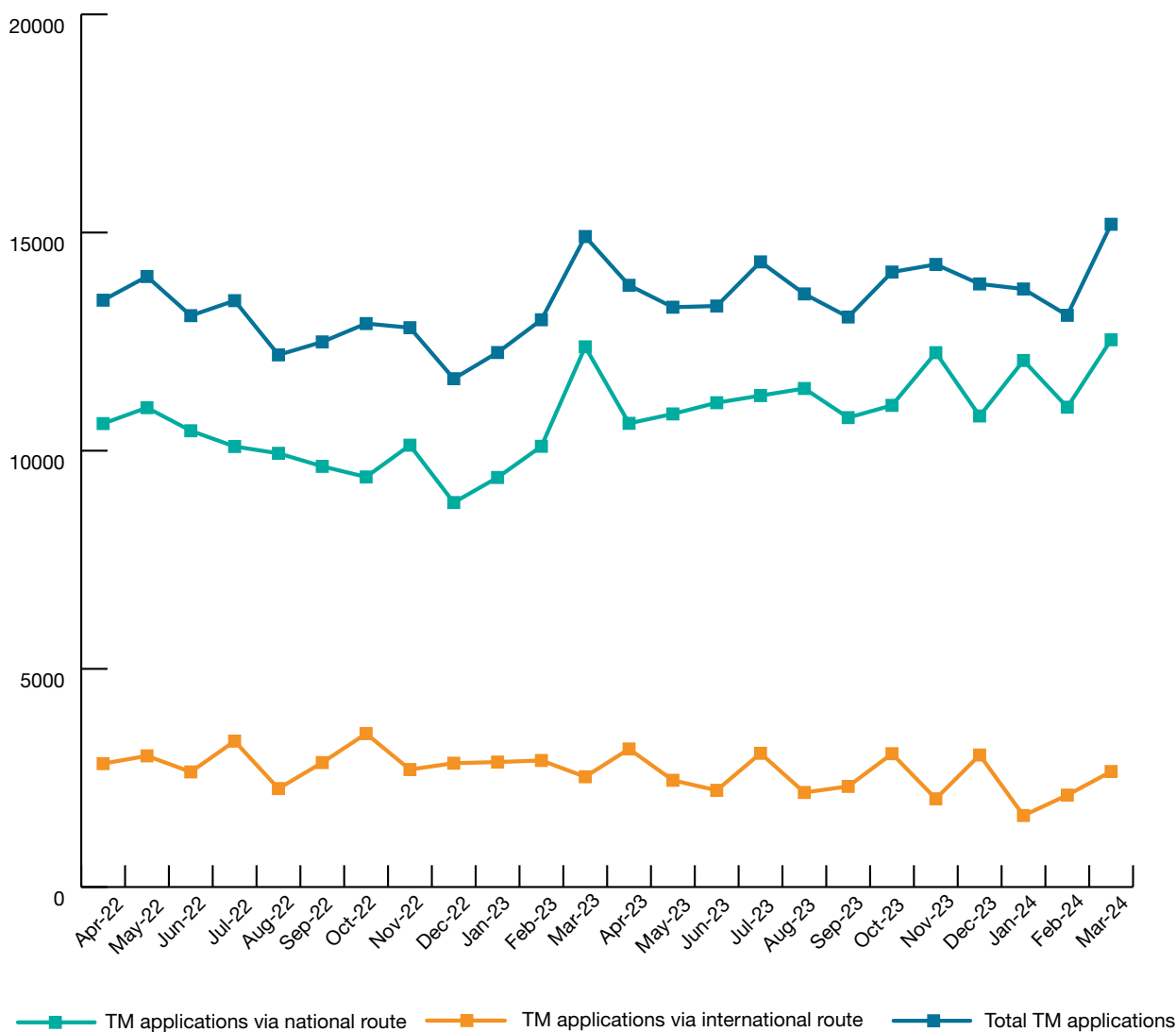
With the prioritisation of other work, there was a small increase in the number of examinations (where neither combined search and examination nor accelerated examination was requested) over the 42 months customer service standard, with 1,536 late cases in the Office at the end of the year, compared to 173 at the end of last year. In March 2024, 90% of these examinations were done within 49 months and one day.

In line with our commitment to high-quality, efficient examination, we have rolled out the latest EPO-developed search tool to all our patent examiners which has the potential to revolutionise the way we conduct patent searches.

* The above input figures present a “snapshot” of the IPO’s registered IP rights administration databases, as taken at the time of drafting this report. Minor variation in the data may occur between past and future releases due to late entries on to the IPO databases, and occasionally, due to corrections to booking data. Late entries will mostly occur with paper-filed applications as these take longer to process than electronically-filed applications; and all applications are afforded the date of receipt at the office as their date of filing.

Trade mark Applications

Trade marks - Applications

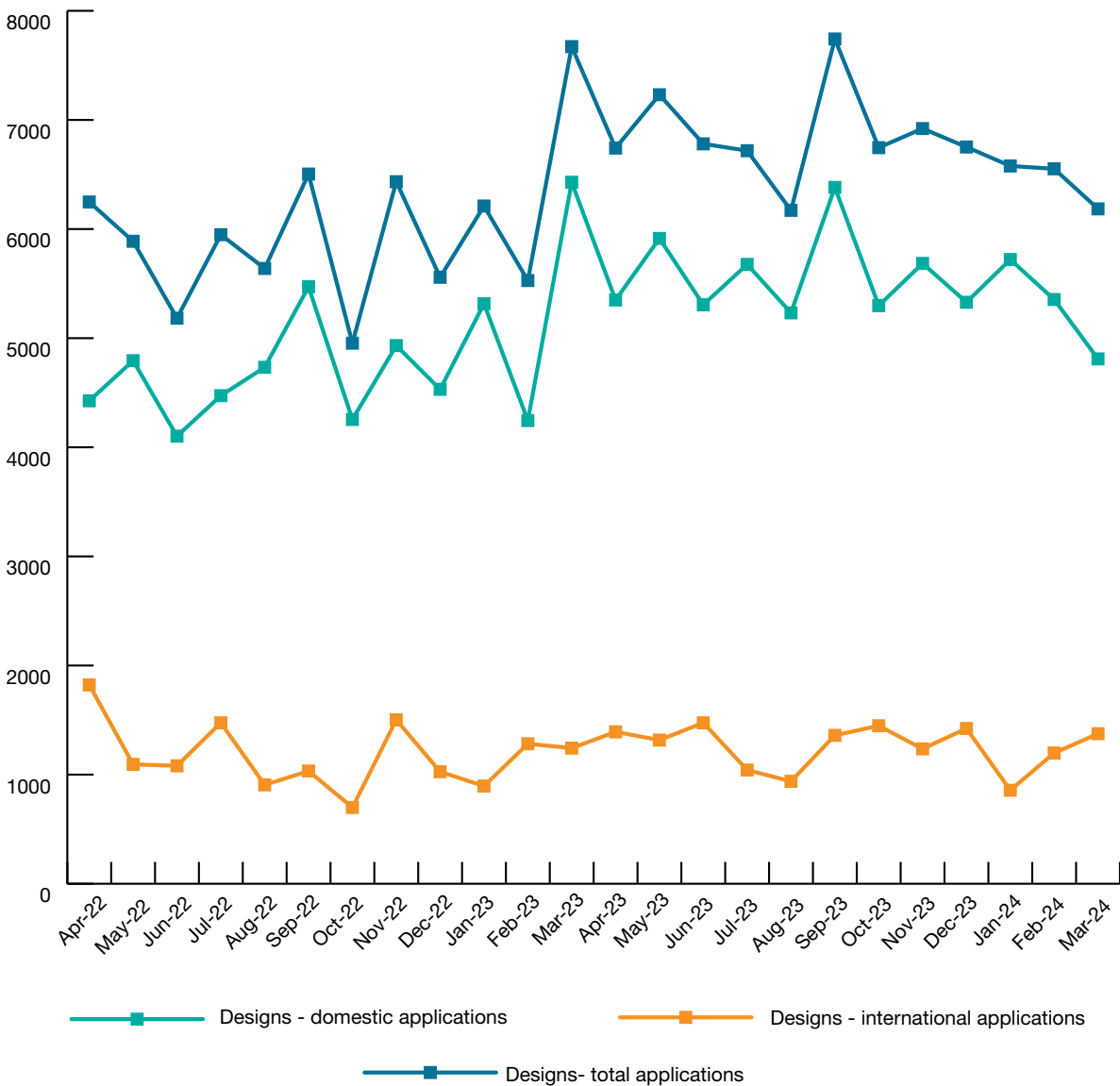


Trade mark applications	2023/24	2022/23	Year on Year Percentage Movement
Received	165,565	156,206	6.0%
National	135,705	121,945	11.3%
International	29,860	34,261	-12.8%

Overall input has increased this year, after the fall last year which followed the record high of 2021/22. Our demand remains significantly higher than both pre-Brexit and pre-pandemic levels. Demand increases have been significant through the national route, which have more than offset a fall in international filings. We have maintained performance against our customer service standards throughout the year despite this increase in filings compared to last year. We continuously monitor demand against output capability to ensure we have the relevant resource to deliver our services and to continue providing our high level of customer satisfaction.

Design Applications

Designs - Applications



Design applications	2023/24	2022/23	Year on Year Percentage Movement
Received	81,115	71,782	13.0%
National	66,057	57,722	14.4%
International	15,062	14,060	7.1%

Overall demand for designs has increased significantly compared to last year, with 2023/24 representing a record year for design filings. Despite this increase we have consistently met our very challenging customer service standards. We continuously monitor demand against output capability to ensure we have the relevant resource to deliver our services and to continue providing our high level of customer satisfaction.

Trade mark and designs ex-parte hearings

For trade mark and design ex-parte hearings, we consistently met our target to issue reports within 10 working days of a hearing.

Tribunal proceedings

Tribunal	2023/24	2022/23	Year on Year Percentage Movement
Trade mark claims (inc. oppositions and cancellations)	8,103	9,128	-11%
Defences	2,996	3,247	-8%
Decisions	757	774	-2%
Live trade mark cases at 31 March	7,006	7,329	-4%

Input of new cases to Tribunal has dropped, as expected, because the post-Brexit wave of trade mark litigation work has moved its way on to the hearings and decision-writing stages. These stages require the greatest level of work. This has meant that, despite the reduced input, the Tribunal remains in an exceptionally busy period overall and the wave continues to provide a long-term challenge to our specialist hearing officer resource.

This financial year we have had 22% more cases at the evidence and decision-writing stages than we did in the financial year 2022/23, and have averaged 2,900 cases monthly at that stage. Despite the resulting timeliness challenges, both decision quality and customer satisfaction scores remain high.

We have successfully recruited to expand the hearing officer cadre this year, not least because our post-wave input remains higher than historic pre-Brexit levels. The final stage of reorganisation brought the patents tribunal work fully into the Tribunal at the end of the year – so that all IPO work concerning contentious proceedings and alternative dispute resolution, across all IP rights and the Company Names Tribunal, is now together under one business area.

Digital Data and Technology

Our service availability targets have been exceeded for 2023/24 as shown in the below table. We have maintained availability standards for our existing (legacy) systems while also contributing significantly to the design and creation of our new, future estate.

We continue to proactively problem manage to ensure focus on the root causes of any issues and in taking preventative steps to maintain services for customers.

Essential Customer Facing Services	Business Critical Internal Services
99.82% (Target 99.5%)	99.74% (Target 99.0%)



Continuing to transform the way we deliver our services through our One IPO Transformation Programme

Our One IPO Transformation Programme is the most complex and ambitious programme we have ever undertaken as an organisation. We are completely overhauling both our internal systems for processing IP applications, and the external services that our customers use every day. Our goal is to build a single, integrated service for all registered IP rights – patents, trade marks and designs. It will allow creatives, innovators, and businesses to apply for, manage and research all their IP rights in one place.

This year we have taken a huge step towards delivering our new patents service, with development at a very advanced stage. The scale and complexity of the work has meant that some elements have taken us longer than expected but our number one priority continues to be delivering a quality service for customers, and we will take the time needed to get it right.

We now expect the new patent service to launch publicly no sooner than the end of 2024, with trade marks and designs following in late 2025, or early 2026. There have been several notable achievements this year.

Development of the new services

The core element of our transformation work is building new digital services. The vast majority of the development work to build those new services has been completed.

We have made significant progress on the development of our internal system that our colleagues will use for processing patent applications. Our IPO colleagues have thoroughly tested both our internal and external systems to ensure that they meet the quality we expect.

We are finalising development of our new patents service and have started our pilot of the new services. All of our patents data has been consolidated and migrated from multiple legacy systems onto a single new system. This involved cleansing and transferring hundreds of thousands of patent records and will allow us to offer customers a single view of all their patents from their IPO customer account.

Our pilot customers have successfully created IPO accounts and used them to view their existing patent portfolio. The pilot customers are also able to complete the initial phases of a patent application in the new service.

Development of our new online patents search has been completed using our consolidated patents data. Around 80 customers have been using and testing this ahead of its launch later in 2024 and feedback so far has been very positive.



Preparing for change

The transition to new digital services will be a huge change for our customers and our colleagues at the IPO. We've been doing a lot of work behind the scenes so we're ready to hit the ground running when the new services launch.

We have changed the structure of our internal teams to reflect the way we will work in the future where we will have a reduced number of roles requiring different skills than previously. We have moved our people to new and interim services while we continue to deliver our existing systems. And we have implemented a Service Owner structure to ensure customers will receive a truly end-to-end experience. This will ensure we are set up to deliver our new services effectively and to continue improving our new services long after they have launched.

We want all of our new services to meet the needs of our colleagues and customers. We've undertaken over 200 hours of user research involving hundreds of customers to capture feedback and given it to the development teams to act on. This year, we have particularly focused on making our services accessible to everyone. We conducted thorough accessibility testing with users who require assistive technology or have a registered disability. In addition, we undertook our first accessibility audits for compliance with Web Content Accessibility Guidelines (WCAG).

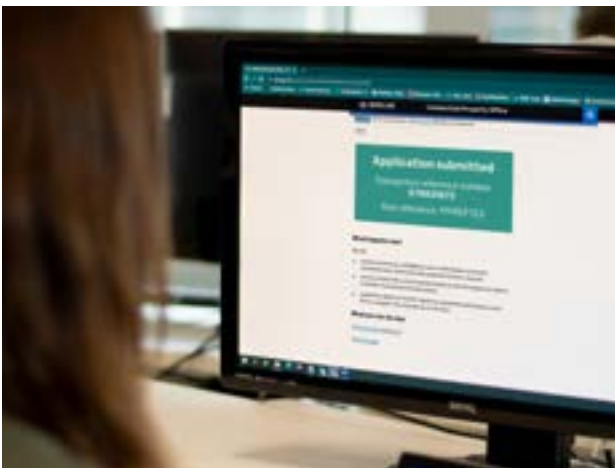
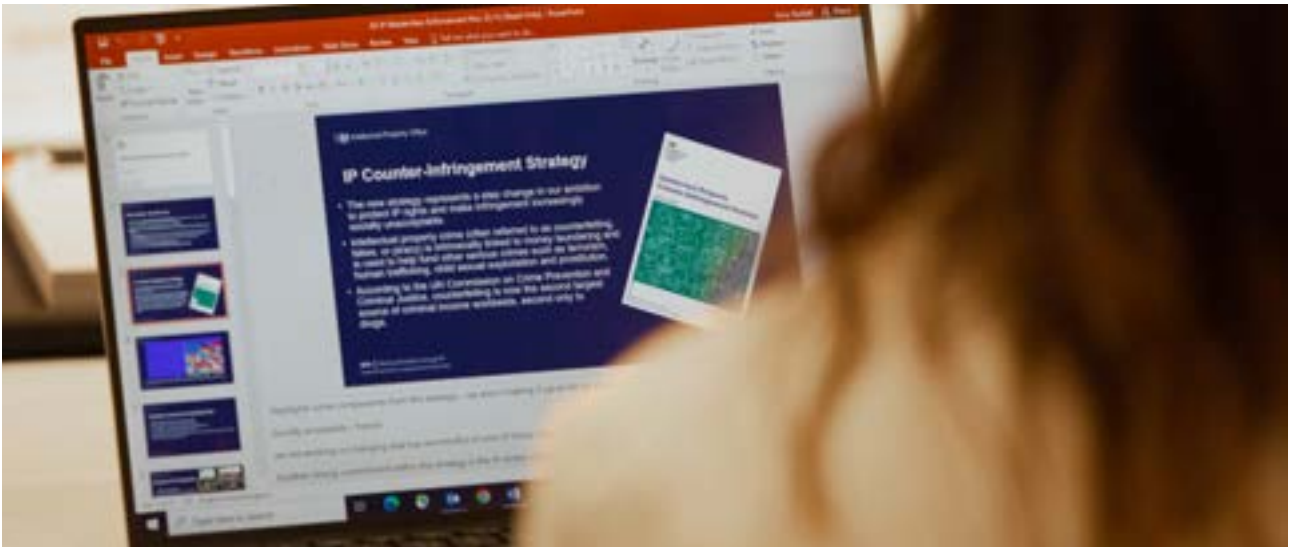
Engaging with our customers and stakeholders

We've always said that our new services will be led by what our customers need. We've spent a lot of time sharing our plans with customers, but more importantly, listening and learning.

We ran two public consultations on proposed changes to our services, and the legislation that underpins them. The government response to the first consultation on patents was published in August 2023, with the second response covering trade marks and designs due to be published later this year.

We have engaged with hundreds of customers over the last year to demonstrate the new services, explain the changes that are coming and listen to feedback. We run regular IPO-wide events to keep our colleagues engaged with Transformation. This is vital to bringing our people along with us and building a system that works for them too.





Creating a World Leading IP Environment

In Retained EU Law and trade negotiations, seeking outcomes for the IP framework which benefit the UK economy

The government introduced the Retained EU Law (Revocation and Reform) Bill to end the special status of Retained EU Law (REUL) by the end of 2023. REUL was a category of domestic law consisting of EU-derived laws, rights, and principles, preserved in our legal framework by the European Union (Withdrawal) Act 2018.

This had significant implications for the IP framework and posed several challenges for the IPO which we needed to act on quickly, including reviewing a large volume of REUL related to intellectual property within a very tight timeframe. We reviewed around 1,500 pieces of EU-derived legislation related to IP and identified 86 pieces of IP legislation within scope of our policy remit which was published on gov.uk. An office-wide collaboration enabled us to provide clear and timely advice for ministers to make decisions on IP-related REUL. We placed great importance on engaging with the IP community and valued the constructive contributions made by IP owners, users and other important stakeholders in the multiple briefings we held throughout the process:

- using the powers in the Retained EU Law (Revocation and Reform) Act 2023 (the REUL Act) we introduced two Statutory Instruments (SIs) to make some limited technical changes to IP legislation and restate certain retained EU laws: The Design Right, Artist's Resale Right and Copyright (Amendment) Regulations 2023 amended provisions in four separate pieces of IP legislation to make it more relevant to a UK context and better align with the aims of the REUL Act. The main provisions of the Regulations came into force on 1 January 2024
- the Intellectual Property (Exhaustion of Rights) (Amendment) Regulations 2023 ensured the continued operation of the UK's exhaustion of IP rights regime at the end of 2023

The delivery of this legislation in such a fast-paced, changing, and deadline-driven environment represented a significant cross-organisational success.



Trade Negotiations

Throughout 2023/24, our efforts remained dedicated to supporting the government's ambitious programme of negotiating free trade agreements (FTAs) and helping UK businesses to trade internationally, with the primary focus of strengthening intellectual property regimes across partner countries. We worked closely with the Department for Business and Trade (DBT) and other relevant departments to shape the IP chapters within FTAs. These negotiations strive to make the most of IP opportunities, fostering innovation and creativity whilst defending the advantages of the UK's IP system and the balance between interests which we seek to achieve through our framework.

We actively supported negotiations for substantive IP chapters in FTAs with India, the Gulf Cooperation Council (GCC), Israel, Switzerland, Canada, and Mexico, and we have begun preparations for negotiations with Turkey.

During the summer of 2023, the UK officially signed its Accession Protocol to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a modern and ambitious trade group that includes 11 of the world's most dynamic economies. With the UK as a member, it will account for 15% of global Gross Domestic Product (GDP). From an IP perspective, we sought and received flexibility on a few key issues for the UK, which included side-letters on the grace period for patents provision, ensuring ongoing consistency with the European Patent Convention. The CPTPP Bill received Royal Assent on 20 March 2024, The Bill included changes to performers' rights and geographical indications and enables the implementation of the agreement.

We have also supported DBT on several trade committees, including the Andean Countries, Central America, Egypt, New Zealand, and Australia. The committees are an important part of the trade programme which enable the UK to maintain relationships with its trading partners and provide a forum to discuss trade-related issues. The IP sub-committee with Australia, for example, included a valuable exchange around bringing in reciprocal payments of royalties under our respective Artist's Resale Right schemes, as per the provision agreed in the FTA.

Our IP attaché network also continued to offer direct business support and advice on local IP matters and liaise with host governments, regional IPOs, and stakeholders.

Throughout 2023/24, we have continued to work with the Department for Business and Trade to seek positive IP outcomes at the World Trade Organization (WTO). At the 13th WTO Ministerial Conference, the UK achieved a good result overall on IP matters and Trade Related Aspects of Intellectual Property Rights (TRIPS), avoiding the inclusion of all undesirable IP text in the Ministerial Outcome Document.



Evaluate our office-wide approach of supporting innovative SMEs in making the most of their IP assets

Evaluating our office-wide approach to supporting innovative SMEs in making the most of their IP assets gave us the opportunity to take a holistic view of activities across the IPO to help us identify ways to achieve greater value and impact from our work to support SMEs.

We facilitated a cross-office working group to bring together all the strands of SME support. This group was successful in connecting leaders and managers across the IPO who deliver interventions and services that affect SMEs. We also set up a project board to oversee delivery of activities, track progress and manage any key risks to achieving them.

One of our activities was to develop long-term policy on financial support for SMEs. Using findings from evaluation of our existing schemes, international benchmarking and stakeholder roundtables, we developed a proposal for a flexible, tiered scheme to better target funding to business need. This will be a more sustainable approach of financial support for SMEs, that delivers value for money and impact and enables us to explore how we can better leverage external funding.

We also reviewed and developed options for an enhanced International IP Service (IIPS). We have made improvements to our existing web-based service to ensure that content is easier to find. We have promoted this enhanced service with external stakeholders to improve awareness of our resources. There are currently 25 country guides and four IP enforcement guides and we gathered evidence on whether additional content is needed. Our research told us that there is no evidence that additional guides are needed and that the current content is comprehensive. However, we will continue to update the guides to reflect changes and will develop new content when needed.

We also committed to work with industry, other government departments, and international partners to understand recent progress in IP finance and identify areas for future intervention by the IPO. IP-backed finance allows innovative firms, especially SMEs, to use their IP assets to obtain access to growth funding. Our work has helped us identify sensible and proportionate steps

the IPO can take now to better inform the market, encourage IP-backed lending, and build on current industry interest in this space. This includes establishing an advisory working group and developing an annual report that captures market metrics and updates on relevant IPO work.

Under this priority, we said we would implement a cross-office approach to develop our collective understanding of our SME audiences and their needs, with stronger feedback loops. This will help us to deliver targeted, impactful communication to SMEs that support IPO aims. As part of this work, we looked at sources of insight used in existing interventions, carried out desk research and built relations with insight teams across government to understand emerging research. We also looked at how current insight and evaluation is shared as the IPO collects a wealth of data from our interactions with SMEs.

Whilst delivering these commitments, we identified other activities to help us make quicker progress evaluating our interventions to support SMEs. We developed a definition of 'innovating SME' so there is a shared understanding of what this means to support how we measure which SMEs we are supporting in this way. We also undertook a mapping exercise to improve understanding of the breadth of activities we do to support SMEs. Finally, we carried out an evidence review to synthesise the current evidence base (research) on the challenges SMEs face to achieve IP and innovation outcomes, and the effectiveness of current programmes in the UK and abroad. This has helped us consider how we can further develop our evidence base to help us better understand the specific challenges SMEs face, and the most effective ways to mitigate these.

Our activities over the past year have helped us better understand how our current services, interventions and activities support SMEs. We have developed a forward looking workplan that sets out how we will now take this forward so we can strengthen our focus on helping SMEs understand the value of IP and make the most of the benefits of the IP system.

The work undertaken in 2023/24 forms the basis for our development of a specific IPO strategy for supporting SMEs which will be completed and delivery begin in 2024/25, following the launch of the overall IPO strategy 2024-2027.



Making the IPO a Brilliant Place to Work

Developing our strategic workforce planning capability will enable us to build an organisation that is the right size and shape and has the skills and places it needs to deliver our priorities over the longer term.

Developing our strategic workforce planning (SWP) capability, ensuring we have the right people, in the right place, at the right time, is essential for sustained success. Concurrently, our plans involved developing purposeful accommodation and leadership strategies, and we remained steadfast in our commitment to advancing diversity and inclusion to cultivate a representative workforce.

During the year we conducted an 'As-Is Workforce Review', to help us to understand how our workforce currently supports our organisational strategy, what we already know about our workforce, its current capacity (size), capability (knowledge and skills), and construct (shape, structure, and systems) and how this has changed over the last five years, what gaps exist and what is already in place to help us plan and achieve our future workforce, and what our next steps are in the SWP process. In undertaking this review we analysed data and trends, conducted benchmarking where possible and proactively engaged with our HR Business Partners, Heads of Profession and subject matter experts across the IPO.

The review gave us clarity on what we need to do to progress strategic workforce planning and our future ambitions, and we are now focussed on building SWP capability through the first iteration of the planning process. We have created an overarching SWP framework, outlining the cycle we will follow and the questions we should ask ourselves along the way, complemented by a set of practical resources that will help the IPO determine and respond more effectively to future demand and workforce needs. In 2024/25, we will continue building our SWP capability and embedding best practice through the framework, resulting in the creation of our first five-year strategic workforce plan in Summer 2024.



The Government Property Strategy 2022-2030 sets a clear direction of travel in relation to the management of government property and civil service organisations are tasked with alignment to this strategy. We had planned to finalise our accommodation strategy by the end of March 2024. However, our efforts have taken slightly longer due to the findings of two building condition surveys which meant that additional investigations needed to be carried out. As a result, we have developed an interim accommodation strategy with the core themes of: location, workplace, environment and people. Key objectives for us are to ensure that our workspaces meet the needs of a diverse multi-generational workforce and to fully understand our net zero ambitions so that we can make an informed decision on decarbonisation planning. We are also carrying out further work to interrogate the longer-term strategic direction of our accommodation by April 2025.

This year, we also developed and approved our five-year leadership and management strategy. Inspiring and effective leadership and management is critical to us achieving our strategic and cultural aims and enabling our people to have positive, healthy experiences whilst working at the IPO. To ensure our leadership and management strategy helps enable the achievement of these aims, we undertook a programme of discovery work between April and July 2023. This work included analysis of hard data, for example various survey data, documented objectives, participation in and evaluation of learning and development programmes, and soft data from direct engagement with Staff Diversity Networks and Trade Unions, as well as facilitated activity with a sample of existing managers and an appreciative inquiry with our Senior Leadership Group (SLG). This evidence allowed us to determine a strategy that is right for us and our aims, focussing on how we define, enable and embed leadership and management at the IPO. The year ended with us inviting colleagues to interpret the leadership qualities we've determined are most important to us into observable behaviours; clear indicators of how we expect great leadership and management to show up. 2024/25 will see us finalise a framework of behaviours and skills, clear on leadership and management capabilities at all levels, develop our approach to reflection and feedback, relaunch our corporate leadership groups and networks and improve how we connect leadership accountability with people data and analytics.

We know that organisations with a diverse workforce provide improved customer outcomes, are more effective and innovative problem solvers and, attract and retain the best talent. Creating an inclusive environment where our people feel a psychological safety to be themselves cultivates strong communities with a sense of belonging. Those communities are at the heart of our intersectional approach to building an environment of openness, trust, and respect, enabling us to deliver our future organisational culture.





Like most organisations, we have lots to do internally to reduce our pay gaps, remove unintended barriers and reduce instances of bullying, harassment and discrimination, this work is more important than ever, being undertaken by all areas of the business. For example through our strategic workforce planning, our leadership and management strategy, our accommodation strategy, our approach to recruitment, our change management processes; it's no longer the role of one team to diversify the organisation, but instead, is becoming woven throughout all we do, and we are beginning to capitalise on the innovative brilliance a diverse workforce creates.

Over the last year we delivered an Empowering Women Programme, with the aim of having open conversations in safe environments, designed to stretch and inspire. We have worked with over 14 other IP Offices around the world to develop a global mentoring scheme, providing our people with an opportunity to mentor and be mentored, to explore other cultures and best practices. We have maintained our successful Code First Girls relationship and have continued with our STEM Returners programmes, both of which, focus on improving representation of women in STEM roles.

Our networks have been particularly effective working in conjunction with our HR teams to develop neurodiversity and disability toolkits as well as achieving accreditation with the British Dyslexia Association and Neurodiversity in Business. Both recognise the excellent work we do with our people and our managers.

Following an Organisational Readiness Survey, which looked to explore and unpick issues with reporting bullying, harassment and discrimination (BHD), we created a BHD Taskforce, made up of representatives across the organisation, working together to improve reporting, processes, policies and climate.

We continue to publish our inclusion and diversity annual report, which celebrates the work of our staff networks as well as sharing data about our demographic makeup as an organisation, and action plans we have to improve year on year.

We have recognised though, that we are missing opportunities to add value to the economy through being more innovative in our approach to inclusion and diversity. Whilst in the past, our inclusion and diversity work has focussed solely on making a difference to our people, this year, we have worked to create plans which will also improve our impact externally to support and strengthen the economy through innovation and will do so with our ambition to become "One of the most accessible employers and services providers in the UK". Our focus will be on universal accessibility, ensuring we consider and work to tackle all the barriers people may face when interacting with us.

Undertaking a culture audit to better understand the current IPO culture and design our future culture needs

Having the right culture in the IPO will help us achieve and deliver our organisational strategy, motivate us to deliver great work, and give us a sense of belonging and community. Because this work is so key to our success as an organisation, we set ourselves a ministerial target around this work. Specifically, we wanted to define the culture we need to deliver our strategy by October 2023, and to develop a detailed culture change plan by January 2024, that set out how we will move from where we are now to the culture we need for the future.

In April 2023, we began an audit of our culture in the IPO. After three years of change, particularly in how we interact with one another in a post-pandemic world, it was the right time to look at our culture and see whether it is helping us be the best IPO we can be.

Led by our culture ambassadors over a six-week period, our in-person and virtual culture workshops helped our people express their feelings and wishes around culture. The workshops were extremely well attended, and we received lots of useful feedback that helped us understand our current culture and what we would need to focus on to improve.

The audit highlighted some real strengths in our culture. Amongst other things our people told us they felt supported, empowered, valued, and respected. This work also helped us understand parts of our culture that hold us back from being the best we can be.

The outcomes of the audit steered conversations with our Board, and various other leadership, governance, and staff network groups. It allowed us to define what our target culture should be, with a real consensus for moving towards a culture that allows for more creativity and autonomy.

We now have an action plan where we have identified changes that will move us towards the culture we want to have. These include changes in areas such as our policies, ways of working, targets, language, training and development, communications, performance management and accommodation.

Our Board has agreed that the culture we need to be successful is one where:

- we are adaptable, we value ideas and take opportunities to make the IPO better
- we are accountable for our experience, development and performance and build effective relationships with colleagues
- together we deliver our strategy, share our successes and are connected to each other and our organisation

We recognise that it will take time to embed cultural change and will continue to focus on making the changes needed through 2024/25 and beyond.

Confirming the vision for the IPO and developing the IPO strategy

Our aim for this corporate priority was to shape, build and iterate our strategy to 2027.

Alongside this was an ambition to ensure the IPO has clear plans to support the delivery of its new strategy. This ambition has driven our approach in developing the Corporate Plan for the 2024/25 financial year; it represents the first year of delivering our new strategy.

The world is moving quickly and change is a near constant. We wrote our previous strategy to 2026 before events such as COVID-19, advances in AI and the rising cost of living shifted expectations and societal thinking. Consequently, we are refocussing our successful contribution to the economy and society.

We are on a journey to transform our services. In doing so we must maintain the quality of our services and policy work while being financially sustainable.

We have evolved our new strategy to focus on what really matters in the rapidly changing world we work in.

Our mission, as defined in our new strategy, is to help people grow the UK economy by providing an IP system that encourages investment in creativity and innovation. To achieve this mission, we must focus all we do towards it.

Work on the strategy and corporate plan has required dedicated focus from our board of directors and our non-executive directors and has engaged staff and stakeholders. The Minister for AI and Intellectual Property agreed the strategy and corporate plan in March 2024.

Three pillars of activity will help us to deliver our mission in the coming years, and through these, every person working at the IPO can help inspire innovation and creativity and contribute to a stronger economy and a more successful UK:

- the first relates to services and the goals under it look to our transformed services and how we support business in using them and IP more broadly
- the second relates to our policy work to develop the IP Framework and our enforcement work that sits under it. It reflects a more pragmatic approach for both domestic and international policy
- the third targets high performance through our culture, improved governance and planning and underpinned by sustainable finances

Our new strategy, and our approach to our corporate plan, will help us prioritise, plan, and perform for our customers and society.



Sustainability Report 2023/24



Introduction

Net zero continues to be our main area of focus. Alongside the work to decarbonise our estate we have embarked on a programme of carbon literacy for all our people. The Green Team (our team of green champions) are rolling this out across IPO, working with the Carbon Literacy Project and using a Train the Trainer approach.

Engagement has featured heavily in our work this year. During IPO Communities Week in May, we ran a hackathon where groups of IPO people considered how we can all make individual contributions toward net zero. We also ran a sustainability session at “Bring your Child to Work day” in February where we explained to the young people that attended everything that IPO does to help the environment.

Combining our Social Responsibility and environmental programmes has seen good results this year. IPO teams have used their volunteering time allowance to improve the outdoor environment by removing non-native species at Bannau Brycheiniog (Brecon Beacons National Park); improving the Brecon and Monmouthshire Canal; litter picking at local beaches and ground clearance at the Tredegar House National Trust Property. In November we also repurposed and donated a range of winter coats to Llamau (a charity that supports homeless women and young people across South Wales). These items were seized from an IP crime operation, working with partners, where hundreds of tonnes of counterfeit goods were seized over previous months.

Mitigating Climate change: working towards net zero by 2050

Currently, overall carbon emissions are showing a 32% reduction against the 2017/18 baseline year. Last year we commissioned independent reports to advise us on how we can best achieve net zero. These recommended a number of renewable energy projects to decarbonise our estate.

However, before we can start work of this size, we need to be clear about the future of our estate. During the year we developed an Accommodation Strategy which will determine the medium and long term future of Concept House. To inform our decision, additional studies were carried out to assess the condition of our buildings. These indicated that, to achieve net zero, we would first need to undertake significant works particularly to the roof and glazed curtain walling; which results in a complicated decision about environmental priorities. The Accommodation Strategy is due to be signed off at the beginning of the new financial year and once our future path is known we will be able to progress our net zero programme.

		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
		Baseline						
Overall carbon emissions (tonnes CO ₂)	Scope 1 *	209	174	244	185	690	242	646
	Scope 2 **	1,279	855	635	453	393	353	360
	Scope 3 ***	210	225	216	3	18	89	136

* Scope 1 - Direct emissions from sources owned or controlled by IPO (gas and fleet vehicles)

** Scope 2 - Indirect energy (purchased electricity)

*** Scope 3 - Official business travel (international and domestic travel)

Carbon Emissions from our Offices

We have had a more settled year in terms of gas usage and are confident that long standing problems with our metering equipment that have affected us in previous years are now resolved. Electricity consumption has again fallen in spite of the higher attendance we are now seeing in our buildings.

Our gas consumption is now benefitting from the new domestic and main hot water boilers that we installed a year ago. Both our electricity and gas consumption will also soon benefit from the installation of new calorifiers that store the hot water for our heating system that were recently installed. Alongside this, we have also installed new pumps that will more efficiently distribute the water around the system.

As part of a programme of continuous improvement, further modifications have been made to the Building Management System to ensure we can get the most out of its functionality.

In the new financial year we will consider replacing the hot water boilers that are located in kitchens around Concept House and provide daily hot water for teas and coffees. We will also look to make further improvements to the air conditioning units that provide cooling for our IT kit.

		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
		Baseline						
Energy Consumption (kwh)	Gas	1,120,473	928,975	1,313,780	2,432,439	3,750,278	1,305,532	3,522,974
	Electricity	2,846,408	2,782,104	2,289,060	1,634,765	1,700,877	1,673,403	1,598,238
Financial Implications (£)	Gas	117,319	124,462	89,902	98,478	98,147	95,238	156,417
	Electricity	421,863	464,231	391,058	285,832	299,802	368,411	440,650

Carbon Emissions from Travel

Business travel is continuing to increase across the board although we are still at lower levels than the baseline and pre-pandemic years and well within our obligations under the Greening Government Commitments (GGC).

During the year we convened a group to look at all our travel booking policies and procedure. Our intention is that lower carbon options are always considered as the first option when booking travel. This work will be completed early in the new financial year when we will also launch a new set of sustainable travel intranet pages to make it as easy as possible for people to travel as sustainably as possible.

In terms of commuting, we are finding that access to local bus services has not recovered since the pandemic. Together with our neighbours the Office for National Statistics (ONS) we have been working with our local bus company to see if we can improve the service. We have facilitated awareness sessions across the site and conducted a staff survey. We are currently working on a postcode analysis to see if any adjustments to current routes would be beneficial.

Cycling remains popular with our people both from a sustainability and physical wellbeing point of view. We have been working with a local organisation called Momentwm whose aim is to support people to travel more actively and choose travel options that are better for them, our environment and our future generations. They have run cycle repair workshops and also allowed people to simulate their cycle commute on a smart bike. In the coming year they hope to also arrange group cycle rides and allow IPO people to use their cycle storage facilities at Newport train station.

During the year we were successful in reaccreditation to the Cycle Friendly Employer Scheme and have retained our gold status.

		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
		Baseline						
Non-Financial Indicators (kg CO2)	Air Travel (total)	125,335	132,743	142,919	-	9,829	56,613	88,964
	Air travel (domestic)	6,405	5,390	3,100	-	610	2,049	3,381
	Air Travel (international short haul)	-	-	-	-	-	16,583	23,489
	Air Travel (international long haul)	-	-	-	-	-	37,981	62,094
	Rail Travel	32,890	43,370	26,890	-	3,650	16,469	24,746
	Road Travel	50,480	47,590	44,170	621	3,185	14,953	21,692
	Taxis	1,760	1,800	1,880	2,356	1,270	654	521
Financial Implications (£)	Travel Expenditure (UK)	675,526	811,359	661,178	32,887	90,588	376,419	459,818
	Travel Expenditure (Overseas)	358,850	305,995	352,905	4,063	16,691	234,656	329,654
	Accredited							
	Offset purchases	-	-	-	-	-	-	-

Government Fleet Electric Vehicles

IPO operates two vans which are Ultra Low Emissions Vehicles (ULEV) as required by the Government Fleet Commitment.

Mileage from these vehicles is around 30% less than the last financial year. As our people are now working more from the office, we are seeing less of a need to deliver IT kit and furniture to people's homes.

Minimising waste and promoting resource efficiency

Total waste has risen slightly this year but is still well within the Greening Government target to reduce the overall amount of waste generated by 15% from the 2017 to 2018 baseline. Following the introduction of new waste contracts, no waste is sent to landfill.

For the second year running the proportion of recycled waste is lower than we would like. Despite an exercise this year to re-launch and publicise the recycling facilities in our offices we are still below the GGC recycling target of 70%. There is no clear explanation for this so we have initiated a review of all our waste processes to see where we can improve.

In April, the Welsh Government introduced new regulations for workplace recycling and we reviewed our processes to ensure we are compliant with these.

Paper use

Paper usage has levelled off this year as the benefits of our Transformation programme begin to be seen. Current usage is still around 80% less than the baseline year. We are still using some paper from existing stocks which has helped reduce costs.

		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
		Baseline						
Non-Financial-Indicators	Paper Consumptions (A4 Reams Equivalent)	7,500	6,650	6,118	880	1,300	1,363	1,435
Financial Implications (£)	Paper Costs	22,445	29,672	24,285	4,918	7,762	3,506	7,790

Reducing our water use (finite resource consumption)

As we are already using harvested rainwater wherever possible (mains water is only used for mainly sensed bathroom and kitchen taps) it is difficult to identify further water saving opportunities.

Mains water usage is generally at a similar level to last year and showing a 20% reduction on the baseline year. However, we saw an increase over the summer months when the rainwater harvesting system was undergoing essential maintenance and this has affected our yearly total.

		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
		Baseline						
Non-Financial-Indicators	Water Consumptions (m3)	5,055	5,406	4,951	2,928	6,129	3,159	4,075
Financial Implications (£)	Water Consumptions Costs	19,426	19,474	21,891	7,483	10,917	12,041	12,605

Procuring sustainable products and services

Sustainability is starting to feature more in our commercial tender processes. Environmental and social value have been taken into account in a number of major tender exercises this year.

We primarily procure our goods and services through overarching frameworks put in place by the Crown Commercial Service. Within those commercial constructs, the incumbent suppliers must provide evidence of their compliance with environmental legislation such as ISO 14001. Furthermore, if we were to procure outside of those existing frameworks, we would ensure that suppliers are tested on their compliance via the selection questionnaire which effectively makes this a pass/fail element.

With regard to sustainable construction, we would ensure that the contractors bidding would be effectively tested to ensure they have as a minimum environmentally sustainable practices and that any subcontractors as part of the supply chain have the same terms flowed down to them to ensure compliance. We would also undertake compliance checks against the main contractor's subcontractors to ensure they hold the relevant accreditations. The same principles would apply if we needed to procure timber supplies.

The Commercial team is required to annually report on its compliance with the Government Commercial Standards, with which we have attained a “Good” performance rating. The standard effectively tests how we demonstrate value for money, operate efficiently and manage supply chain risks to the organisation. Through the financial year of 2023/24 we are developing commercial contract awareness sessions to ensure the supply chain is being managed effectively across the delegated areas of the business.

In terms of procuring food and catering supplies, we don't have our own catering outlets as the Office for National Statistics (ONS) provide these services for our shared site. On the occasions that we do need to procure food supplies and services we would ensure that the contracted supplier again follows the same principles on sustainable procurement and upholds food safety standards.

We've not procured any energy performance contracts this year, but these contracts would involve working with a managed service provider who guarantees a certain level of energy performance improvements which is in line with our specification of requirement. If we did procure those services, then the same principles would apply in terms of ensuring they have the relevant ISO's and they sustainably procure. The way we procure leased items/services is not entirely different from outright purchasing, we would look at the total cost of ownership and again ensure that suppliers ISOs are requested and their sustainable procurement practices.

Nature recovery and biodiversity planning

The Greening Government Commitments (GGC) require partner organisations with the greatest potential to improve biodiversity to develop and deliver nature recovery plans for their land, estates, development and operations.

Although our grounds are not extensive, we feel that we should support this initiative. During the year we commissioned independent experts to develop an IPO nature recovery plan. The work so far has involved detailed site visits; a legislation analysis and a workshop with key stakeholders including Natural Resources Wales and Newport City Council.

The study will produce a report of recommendations and, while longer term projects and investment will be dependent on the outcome of the accommodation strategy, we will pick up any quick wins that will allow us to protect and enhance the biodiversity under our care.

Adapting to climate change

Developing an organisational climate change adaptation strategy across estates and operations is another key requirement of GGC.

We are in the final stages of a piece of work to produce a climate change risk assessment across the Concept House estate to better understand the risk and to target areas that need greater resilience. We have gained the views of a wide range of stakeholders and this information, along with scientific data and mitigations already in place, will form the basis of a final report.

The consultants that are helping us with this work will then develop a climate change adaptation action plan early in the new financial year which will include existing or planned actions in response to the risks identified. The report will form part of the suite of documents informing the accommodation strategy.

Reducing environmental impacts from ICT and digital

The Digital Data and Technology Directorate (DDaT) has a key role in the delivery of the ambitions outlined in the IPO Sustainability Strategy.

DDaT fully embraces the concept of ‘Cloud First’ as encapsulated by the UK Government’s own strategy, while acknowledging the unique position of the IPO, its technological history and the needs of its future services – those services are currently in the process of being transformed. DDaT also has regard to the Greening Government: ICT & Digital Services Strategy - our main policy area contribution is the reduction of greenhouse gasses by the reuse and recycling of consumables.

The phased delivery of the Transformation Programme is one of our ministerial priorities and we will reap the full rewards of the programme in 2026 and beyond. We seek to make such efficiencies and savings, both cost and carbon, as appropriate, and as they arise. A major contributor in 2024/25 will be the planned purchase and rollout of new Surface devices for all IPO people. This will mean we can control the lifespan of this technology and keep each in service until the end of its useful life as opposed to bringing in brand new devices before they are needed.

Our Architectural Principles are that:

- potential public cloud services will be evaluated before considering alternatives. When choosing cloud solutions, Software as a Service (SaaS) should be the first preference, followed by Platform as a Service (PaaS) and finally, Infrastructure as a Service (IaaS). Government-based cloud offering should be considered first
- existing technologies will be reused in the architecture if they have the capability rather than introducing new technologies. This will limit the number of suppliers to simplify supplier management and reduce overheads

Our high-level goals and the short-term vision looking towards the next financial year, address the critical point we are at in this point in our transformation journey. Sustainability is key to everything we do – it is already ‘business as usual’ when it comes to reuse of kit, and then recycling it when it comes to end of life. These are key aims as we look to achieve a 3.5% efficiency target for the IPO.

Task Force on Climate-related Financial Disclosures (TCFD)

It is a new requirement to report on climate-related financial disclosures consistent with HM Treasury’s TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public sector. We have complied with the phase 1 TCFD recommendations and recommended disclosures around:

- governance (explained below), and
- metrics and targets (scope 1, 2 and 3 emissions are outlined earlier in the report)

This is in line with the central government’s TCFD-aligned disclosure implementation timetable. We plan to make phase 2 disclosures for strategy, risk management and metrics and targets disclosures in future reporting periods in line with the central government implementation timetable. The work commissioned to provide a climate change risk assessment will be completed early in the new financial year. Any recommended actions will initially be discussed by IPOB where climate related issues will be included when decisions are made on budgets or work plans. IPOB will also be the committee that oversees progress against goals and targets for addressing climate-related issues. Potential climate related risks will also be agreed by IPOB and, where necessary, added to the IPOB risk register. Any action points or risk mitigations will be assigned to an IPO senior leader with responsibility for net zero and climate change who reports directly to IPOB.

Our Plans for 2024/25

We remain fully committed to delivering IPO's core responsibilities through providing high-quality, timely, consistent, equitable rights granting functions. To ensure that we provide excellent customer service in line with our agreed customer service standards we will closely monitor our performance over the course of the year.

In line with our strategy, our focus in our 2024/25 corporate plan is on the specific actions we need to take to make sure that we can continue to deliver in an environment where speed of change and society's expectations are ever increasing.

Our areas of focus for 2024/25 are to:

- launch our One IPO patents service for all customers
- unlock the value of our patents data through our new online IP search tool
- start to build our One IPO services for trade marks, designs and tribunal customers
- start our journey towards our future culture as individuals, teams, and an organisation
- create a strategic workforce plan for the organisation

2024/25 Ministerial Priorities

We have agreed three ministerial priorities for 2024/25 which are focussed on the delivery of our key priorities:

- launch the One IPO customer account and new online IP search tool for all patent customers
- achieve an average overall customer satisfaction of 85% or more
- achieve efficiencies worth at least 3.5% of our core operating costs

Whilst these priorities are designed to be stretching yet as within our control as possible, we recognise that there are risks and uncertainties within the external environment which may affect delivery.

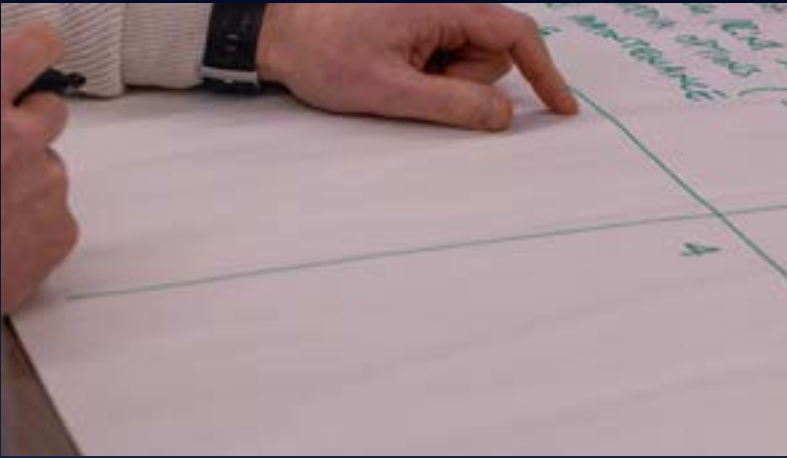


Adam Williams

Chief Executive and Accounting Officer

18 November 2024

Accountability Report



Corporate Governance Report

This report and its subheadings are presented as required by the 2023/24 Government Financial Reporting Manual (FReM)⁴ issued by HM Treasury.

Directors' report

Our corporate governance structure is described in our Framework Document.⁵

The minister responsible for the IPO during the year as Minister for AI and Intellectual Property, is Viscount Camrose.

For details of our boards and committees please refer to the Governance Statement.

Statement of Accounting Officer's responsibilities

Under section 4(6)(a) of the Government Trading Funds Act 1973, HM 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 income and expenditure, Statement of Financial Position 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 HM 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 a going concern basis
- 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

HM Treasury has appointed the Chief Executive as the Accounting Officer for the Patent Office. 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*⁶ published by HM Treasury.

4. [Government Financial Reporting Manual: 2023/24 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/government-financial-reporting-manual-2023-24)

5. [Our governance - Intellectual Property Office - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/our-governance-intellectual-property-office)

6. [Managing public money - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/managing-public-money)

Accounting Officer's Confirmation

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Patent Office auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance Statement 2023/24

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) supported by three sub-committees: Delivering Excellent IP Services Committee, Creating a World Leading IP Environment Committee and Making the IPO a Brilliant Place to Work Committee. There is also the Transformation Programme Board, the Audit and Risk Committee and the Steering Board, each with complementary functions. 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 me and usually meets informally on a weekly basis and formally twice every month. IPOB has collective responsibility for the leadership and strategic management of the Office, in line with ministerial priorities and our corporate plan. During the year the Executive Board have worked collaboratively to develop our priorities for 2024/25 and monitored the delivery of our 2023/24 priorities set out below (further details are provided in the Corporate Priorities section):

1. delivering our core IP rights granting services
2. continuing to transform the way we deliver our services through our One IPO Transformation Programme
3. in Retained EU Law and trade negotiations, seeking outcomes for the IP framework which benefit the UK economy
4. evaluate our office-wide approach of supporting innovative SMEs in making the most of their IP assets
5. developing our strategic workforce planning capability to enable us to build an organisation that is the right size and shape and has the skills and places it needs to deliver our priorities over the longer term

6. undertaking a culture audit to better understand the current IPO culture and design our future culture needs
7. confirming the vision for the IPO and developing the IPO strategy

Member Attendance at IPOB meetings held during April 2023 – March 2024

Members	Meetings attended (12 in year)
Adam Williams Accounting Officer / CEO	11
Andy Bartlett Deputy CEO and Director of Services	12
Pippa Hall <i>(absent September 2023 to March 2024)</i> Director of Strategy	5
Neil Hartley Director of Finance	11
Penny Phillpotts Director of People and Places Directorate	12
Sian-Nia Davies Chief Digital, Data and Technology Officer	11
Chris Mills <i>(leave September 2023 and October 2023)</i> Director of Rights Policy and Enforcement	8
Sarah Whitehead Director of Business and International Policy <i>(left IPO July 2023)</i>	1
Stephen Dadswell cover for Chief Digital, Data and Technology Officer <i>(May 2023)</i>	1
Thomas Walkden cover for Director of Business and International Policy <i>(June 2023)</i>	1
Ben Llewellyn-Jones Director of Business and International Policy <i>(joined IPO August 2023)</i>	8
Jeff Lloyd cover for Director of Rights Policy and Enforcement <i>(September 2023 and October 2023)</i>	3
Sam Brand cover for Director of Strategy <i>(November and December 2023)</i>	2
Steph Dales Interim Director of Strategy <i>(from January 2024)</i>	3

The three sub-committees of IPOB are linked to the three pillars of the IPO strategy: Delivering Excellent IP Services; Creating a World Leading IP Environment; and Making the IPO a Brilliant Place to Work.

Delivering Excellent IP Services Committee was chaired by the Chief Digital, Data and Technology Officer until December 2023 and is now chaired by the Deputy CEO and Director of Services. It is responsible for providing governance and oversight of all matters relating to 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 was chaired by the Director of Rights Policy and Enforcement until August 2023 and is now co-chaired by the Director of Rights Policy and Enforcement and the Director of Business and International Policy. 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 chaired by the Director of People and Places. 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 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 Strategy 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 to IPOB. Each sub-committee meets monthly and produces a highlight report, which is submitted to IPOB.

The **Transformation Programme Board** is chaired by the Deputy Chief Executive Officer and Director of Services and reports directly to IPOB. It reviews the performance of the Transformation Programme, acts as a change control authority, and provides support and assistance to ensure the programme is delivered in line with IPO's assurance procedures.

The **Intellectual Property Office Steering Board** has an independent non-executive chair and six further non-executive directors as members. A designated deputy attends for the Director General – Science, Innovation and Growth at the Department of Science, Innovation and Technology (DSIT). I am also a member, along with the Deputy Chief Executive Officer and Director of Services. 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 Corporate Plan. It also scrutinises and provides advice on performance and risk, drawing on the experience of the non-executive directors, on our operation and development across a range of issues. The Steering Board met five times during this period. Other members of IPOB have attended Steering Board and whilst not formal members, participated in discussions and shared information pertinent to their roles.

Member Attendance at Steering Board meetings held during April 2023 to March 2024

Members	Meetings attended (5 in year including awayday)
Harry Rich Non-Executive Director and Chair of Steering Board	5
Andrew Lawrence Non-Executive Director and Chair of Audit and Risk Committee	4
Kevin Orford (<i>left November 2023</i>) Non-Executive Director	3
Lopa Patel Non-Executive Director	5
Laurie Benson Non-Executive Director	3
Hilary Newiss Non-Executive Director	4
Harriet Kelsall Non-Executive Director	5
Adam Williams Accounting Officer / CEO	5
Andy Bartlett Deputy CEO and Director of Services	5
Oliver St John DSIT representative (<i>until September 2023</i>)	1
Lindsay Jamieson DSIT representative (<i>from November 2023</i>)	2

All directors and non executive directors are required to complete Conflict of Interest and Related Parties disclosure forms every year. Interests are then published externally on the attached link ([Register of Board Members' Interests - GOV.UK \(www.gov.uk\)](#)). No related party transactions arise from these members' other 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 Services, 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 2023/24 the committee considered the findings of eight internal audit reviews themed around the key risk areas, including IT Controls Maintenance of Services, Performance Management, and Enforcement Activities.

Member Attendance at Audit and Risk Committee meetings held during April 2023 to March 2024

Members	Meetings attended (6 in year)
Andrew Lawrence Non-Executive Director and Chair of Audit and Risk Committee	6
Kevin Orford Non-Executive Director (<i>left November 2023</i>)	2
Lopa Patel Non-Executive Director	4
Harriet Kelsall Non-Executive Director	3
Chris Pleass Independent member from other government department	6

Obligatory Attendees of Audit and Risk Committee

Adam Williams

Accounting Officer/Chief Executive Officer

Andy Bartlett

Deputy Chief Executive Officer and Director of Services

Neil Hartley

Director of Finance

Attendees of Audit and Risk Committee by Invitation

Attendees:

Julie Griffiths

Head of Governance, Risk and Assurance

Steve Collins (April - December 2023) / Tony Stanley (January 2024 – March 2024)

Head of Internal Audit (Government Internal Audit Agency)

Alice Roycroft (April - September 2023) / Clare Porter (October 2023 - February 2024) / Eli Johnson (March 2024)

DSIT Representative

Incumbent

External Auditors from National Audit Office

Incumbent

Representatives of External Auditors

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 DSIT
- 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
- an external effectiveness review of the Steering Board is conducted every three years. The latest one was concluded in June 2021. The review found that there is a substantial amount of goodwill, professionalism, and cooperation in how the Steering Board operates and that there were no fundamental issues that needed to be addressed. Several recommendations were made to assist continuous improvement. An external review is planned for the end of 2024.

Business Appointment Rules

The Business Appointment Rules apply to civil servants who intend to take up an appointment or employment after leaving the Civil Service. It is important that when a former civil servant takes up an outside appointment or employment there should be no cause for justified public concern, criticism or misinterpretation.

For members of the Senior Civil Service (SCS) and equivalents, including special advisers of equivalent standing, the Rules continue to apply for two years after the last day of paid Civil Service employment. For those below the SCS and equivalents, including special advisers of equivalent standing, the rules continue to apply for one year after leaving the Civil Service, unless, exceptionally, the role has been designated as one where a longer period of up to two years will apply.

These rules are included in our standard Terms and Conditions letters for all new joiners to the IPO. In addition, guidance is published on our intranet and is readily available for all staff.

No IPO SCS left the Crown Services, and we have not had any applications during 2023/24.

The Risk and Internal Control Framework

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.

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. This system has been in place throughout 2023/24.

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.

Risk Management

The IPO Risk Policy and Framework is aligned to the Government's Orange Book of Risk Management. This document was recently updated to include a new 'Part II – Risk Control Framework Sections' which outlines a framework to assist accounting officers and departments, arm's length bodies and organisations in structuring their internal control and assurance activities to help meet existing high level control requirements placed on accounting officers. A Risk Control Framework 'Bank of Questions' tool has also been produced, to provide structure and help for government departments to assess themselves on compliance against existing standards, requirements and codes. The Head of Governance Risk and Assurance has attended numerous cross-government network meetings on this new Framework, and reporting requirements are to 'comply or explain'. IPO are among many other government departments that have not yet completed this new assessment tool, however it is a priority for 2024/25 and will be completed in April to June 2024.

The IPO has a robust risk management structure and process, which has resulted in a number of significant risks being effectively managed throughout the year. The identification of appropriate mitigating actions, and the effective management and implementation of those activities ensured that delivery was no longer at risk and they were able to be closed. These included the effective delivery of corporate priorities, the impact of Retained EU Law, and Civil Service reductions and government efficiencies impacting on delivery.

A new process of including risk reviews as part of the quarterly reforecasting process has been introduced over the last 12 months. This enables the early identification of any potential slippage to the delivery of the agreed and externally published corporate priorities and other priority areas of work. This process ensures discussions

and appropriate decisions can be made at timely intervals throughout the year, and the identification/embedding of any remedial actions that may be required.

Risk has also recently been included as part of the corporate planning round. The newly proposed corporate priorities were reviewed from a risk perspective, enabling an early indication of any potential organisation-wide risks which could impact on effective delivery.

Risk continues to be reviewed at the Executive Board and each of the three committees on a monthly basis. Face to face risk updates continue to take place which enables the Central Risk Team to provide more detailed challenge on progress, mitigating activities and scoring.

A risk report is sent to every Audit and Risk Committee and Steering Board for review and discussion, and improvements have been made to the presentation of the report. Two separate exposure maps have been created to, separately and clearly, show the strategic risks being managed by IPOB, and the corporate level risks being managed by the three committees (Brilliant Place to Work, World Leading Environment and Delivering Excellent IP Services). The Transformation Programme's red risks are also included in the corporate level exposure map. These ensure that discussions can be focussed on the strategic level risks, but also provide clear oversight of the other important risks being managed by the governing bodies across the office. Recently, an additional slide showing the summary of changes to the strategic risks over the previous quarter has been included. This clearly explains changes and progress that have been made since the risks were last discussed by Audit and Risk Committee and Steering Board (including new risks, closed risks and changes to scoring).

Programmes and projects have responsibility for managing their own risk registers (with guidance and support from the Central Risk Team). They are reviewed and maintained by the programme manager, project manager or associated risk owner. Risk is a standing agenda item at the Transformation Programme Board where the key risks are reported and discussed. It also reports quarterly to the Audit and Risk Committee. The Transformation Programme's red risks are

also reported monthly as part of the IPOB risk reporting pack.

Each directorate maintains its own prioritised risk register and has a named individual (Risk Representative) who is responsible for ensuring that a sound risk management culture is promoted within their area. Regular meetings take place with all office risk representatives to agree areas of focus and share best practice. Numerous topics have been discussed throughout the year such as: risk appetite; the benefits of the rolling RAG table, and the Risk Representative role and expectations.

The Head of Risk, Governance and Assurance Team is a member of several cross-government networks including Risk Improvement Group (RIG), Head of Risk Network (HoRN), Joint Horizon Scanning Forum, and cross-government Assurance Network. All groups meet virtually with the aim of discussing any new requirements, offering guidance and support and sharing best practice.

Towards the end of the year, a new risk was identified relating to the legal basis on which the IPO carries out the activities it undertakes on behalf of the Secretary of State. Legal and HMT advice has confirmed that there is a basis for this work, however, to better mitigate this risk the Accounting Officer's appointment letter has been revised and re-issued to confirm the requirement for these activities.

Risk Appetite

IPOB completed a review of the IPO's Risk Appetite in November 2023. They reviewed the risk appetite for each category in the Orange Book of Risk Management Risk Definition Table to identify if they were still appropriate. The discussions resulted in some changes being made to level of risk appetite in some categories to reflect the current climate and the different frameworks that the organisation needs to operate within and all three committee risk registers.

This updated Risk Appetite Definition Table was discussed at both the Audit and Risk Committee and the Steering Board. Where changes had been made these were discussed in more detail, explaining the rationale behind the changes.

The Risk Appetite Statement is included as a reference paper for all boards and committees and a section is included in the relevant board/committee paper templates. It is also published on the IPO's intranet and all Directorate Risk Representatives have been trained in its use.

Internal Audits

Maintaining and improving effective governance within the IPO remains a priority. A comprehensive internal audit programme is agreed with the Government Internal Audit Agency each year with the resulting reports and recommendations reported to the Audit and Risk Committee and the Executive Board. This year, the Head of Internal Audit's annual report and opinion provided a moderate opinion on the effectiveness of governance, risk management and control activities. That opinion was formed based on the delivery of internal audit reviews, attendance at boards and committees, reviewing the strategic risk register and all three committee risk registers. The results of the work delivered by the internal audit team provided four 'substantial' opinions, three 'moderate' opinions and one 'limited' opinion.

Counter Fraud and Official Error

During 2023/24 we have been working to ensure continued compliance with the Government Functional Standard GovS 013: Counter Fraud.

There has been some team changes with a new Senior Risk and Counter Fraud Manager commencing employment in November 2023.

The Senior Risk and Counter Fraud Manager has been working with all business areas to ensure that there is accurate and timely reporting of all instances of actual and prevented fraud and official error. A report is presented at every Audit and Risk Committee meeting showing trends and figures for comparison each quarter. Fraud and error figures are also reported to DSIT and the Cabinet Office on a quarterly basis. The IPO fraud risk assessment is reviewed by all business areas, and updated as and when needed, to ensure that there are no changes to our existing fraud risks and that any new or emerging fraud risks are captured.

Internal Counter Fraud and Official Error Loss Prevention training sessions continue to be available to all staff remotely. Counter Fraud e-learning is available on the Civil Service Learning Platform and continues to be part of the IPO's required learning courses.

The Senior Risk and Counter Fraud Manager has applied to become a registered member of the Government Counter Fraud Profession 2023 and is to be a member of the DSIT Counter Fraud Network and Cabinet Office Fraud Champions Network. Meetings are held remotely and best practice is shared.

Due to the controls embedded throughout the IPO, and the monitoring and reporting activities that take place throughout the year, there have been no serious cases of fraudulent activity identified.

Whistleblowing and Raising Concerns

Our policy entitled 'Policy for raising concerns (including Whistleblowing)' is available for all our people to access on our intranet site and details all the different options of how concerns can be raised:

- via their line manager or HR Business Partner

- ring the SeeHearSpeakUp confidential telephone service provided by an independent organisation
- email to SeeHearSpeakUp
- via the SeeHearSpeakUp online reporting site
- ring or email the dedicated contacts within IPO
- externally to the Permanent Secretary of DSIT

A review of this information was completed during this reporting period and the intranet site was updated to include a process map to clearly and easily show how the process works from start to finish. Also, an article was published to remind everyone how to raise any concerns they may have.

In addition to raising concerns via this policy the IPO has multiple other reporting routes, some of which are anonymous (for example: 'It wasn't okay when' reporting tool, HR, Mental Health First Aiders, TUS, Ask the Office, Ask the Board Live, People Survey and regular pulse surveys).

Business Continuity

The business continuity manager leads the IPO's business continuity response. Key decision-making bodies are:

- the business continuity advisory board (BCAB) manages all aspects of IPO's business continuity arrangements. It meets quarterly, is chaired by the business continuity manager, and has an escalation route for issues direct to the IPOB
- the business continuity management team (BCMT) manages any incidents after invocation of our business continuity plan (BCP). An incident is classed as anything which is a threat to normal business operations as a result of system failure, emergency, or prolonged business disruption

The business continuity plan is updated every six months and tested through a rolling programme. Desktop exercises are carried out to test our ability to recover from different possible scenarios. Lessons learned are always captured and mitigating activities required are identified

to help ensure IPO's BCP plans will continue to be effective.

Disaster Recovery

Disaster recovery (DR) is a key element of business continuity. The BCP team works closely with the disaster recovery team, who review our disaster recovery facilities and continue to further improve our corporate resilience.

Disaster recovery is also a key part of the Transformation service transition and it is integrated in the service development and will be tested thoroughly before new services go live.

The team are also members of the following groups which provide additional assurance and share best practice:

- cross-government Business Continuity Forum
- all Wales Business Continuity Forum

Security

The IPO Security Strategy details our approach to information handling and cyber security across the organisation. This is regularly reviewed and updated in line with our ISO 27001 certification. We also continue to follow and implement central guidance in accordance with the government security approach.

The IPO Secure team has seen several role changes, embedding dedicated security education awareness and personnel security roles to further expand our resilience against insider threats, and build on the existing security education, awareness and security culture with the IPO. In addition to these roles, the Knowledge and Information Management team has joined the IPO Secure team.

IPO Secure continues to utilise a risk managed approach to security. This allows the team to constantly re-prioritise the most important tasks in a fast moving and dynamic threat landscape. The methodology employed is ISO 27005 (Security Risk Management) and ISO 31000 (Corporate Risk Management) compliant.

Cyber Security

A security tooling roadmap has been produced and will continue to evolve. Areas already developed include Identity and Access Management and Multi Factor Authentication. Penetration testing has also been expanded to include the needs of the Transformation Programme.

IPO continues to actively utilise all the National Cyber Security Centre's (NCSC's) Active Cyber Defence (ACD) primary services, including Protective Domain Name Service (PDNS) to further protect users from internet threats and take advantage of the advanced cyber intelligence centrally available.

Data Privacy and Information Rights

Personal data breaches and incidents are monitored and reported monthly to the Brilliant Place to Work Committee. The number of reported personal data breaches has increased slightly but this is due to a change in the way that the information is captured. In the first instance we escalate any significant breaches to DSIT who would decide if they need to be sent on to the Information Commissioners Office (ICO). None have been reported to the ICO during this period.

The Data Protection team continue to work with business owners to agree measures that could be introduced to prevent re-occurrence of incidents and breaches. This includes: signposting them to the available training, rolling out a programme of targeted training for areas requiring support and raising awareness of the consequences of data breaches. The team also works collaboratively across the office to improve visibility and awareness of data protection legislation and principles, ensuring the IPO continues to comply with UK General Data Protection Regulation.

Modern Slavery

We are required to comply with the Procurement Policy Note – Tackling modern slavery in Government Supply Chains, which requires us, as part of the pre-tender processes, to assess whether the risk of modern slavery is low, medium or high in proposed agreements. Suitable measures must be included in the procurement process to assess bidders against mandatory or discretionary

criteria, with a view to eliminating those who do not meet a particular threshold regarding modern slavery. A pragmatic approach must be taken on the threshold required, based on the goods/service being procured and its respective supply chain. Suitable measures/metrics are then included in contracts to identify any modern slavery concerns and that there are suitable means to monitor, mitigate and treat any risks which materialise.

At present, bidders are asked to disclose whether they fall within scope of Section 54 of the Modern Slavery Act 2015 and if they do, to include a copy of their modern slavery statement as part of their tender submission. Bidders are also required to complete the modern slavery Assessment Tool (MSAT) to identify, treat and mitigate potential modern slavery risks in both its own organisation and that of its supply chain.

We provide guidance as to what should be included in modern slavery statements and state that a failure to provide modern slavery statements which do not comply with the above, and all requirements under the Modern Slavery Act 2015, may deem their tender non-compliant.

Where relevant, we engage with successful suppliers upon contract award to review their MSAT submission and output report, as well as those of proposed sub-contracts and supply chains.

If bidders state they are in-scope of the modern slavery statement reporting requirements in the Modern Slavery Act 2015, and they have not produced a fully legally compliant statement as part of tender submissions or have not updated this as required by the Act, the supplier will be required to make corrections within 30 days. This, and any other improvements required resulting from the MSAT tool outputs, will form part of key contractual Key Performance Indicators (KPI) where appropriate.

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 board members and those with significant financial responsibility

have been on the IPO payroll during the year. Although there has been an increase in the use of interim roles not on the IPO payroll to support our Transformation Programme and to provide difficult to recruit skills, the majority are on Pay As You Earn schemes through umbrella companies. Only one engagement was determined as out of scope of IR35.

The review of quality assurance of government analytical models undertaken by Sir Nicholas Macpherson and published by HM Treasury (HMT) 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 currently no analytical models used within the IPO that could be classed as business critical. We will continue to monitor this position and should anything change we will ensure that an appropriate quality assurance framework is in place which adheres to the principles outlined in the HMT guidance on producing quality analysis for government (The Aqua Book).

Guidance from HMT, Cabinet Office and DSIT 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' and the 'Orange Book Management of Risk - Principles and Concepts' throughout the year, where applicable.

Challenges to the Organisation

There have been a number of challenges over the last 12 months, which have impacted on the IPO:

- IPO is mid-way through a five year Transformation Programme that will fundamentally change the way we deliver services to our customers and make the data we hold more accessible to interested parties. This is the single biggest programme of change in the IPO's 170 year history and will help ensure we continue to support future economic growth in the UK. Delivering such an ambitious programme of change has challenged IPO in multiple ways including the development of new digital systems, ensuring the cleanliness of data gathered from multiple legacy systems, ensuring the design meets the needs of customers and managing the significant people impacts of automation and new ways of working. To progress this whilst continuing to deliver outstanding levels of customer satisfaction via our legacy services has required intense collaboration with our delivery partners, diligence in managing commercial relationships, effective communication with our people and customers and high levels of flexibility in our delivery plans to maintain delivery efficiency and minimise delays
- there has been a large amount of change/ proposed change throughout the year which required additional management from a governance perspective. It included government announcements on Civil Service headcount, requirements for office attendance and work to prepare for services post-Transformation Programme. This resulted in a perceptible reduction in trust in the decisions made by leaders and impacted engagement levels from our people. We are managing this by being clearer to our people about why change is necessary, building our leadership capability and setting out plans to build a high-performing organisation

Going forward into 2024/25 we will be monitoring closely:

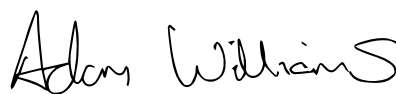
- the continued delivery of our Transformation Programme
- the embedding, across the organisation, of our refreshed Strategy which launched in May 2024
- the uncertainty around external impacts (e.g. central government requirements with regards to headcount restrictions, office attendance and cost of living crisis) on our people and their ability to deliver our corporate priorities
- the recruitment challenges being faced, especially in specialist/skilled roles in a competitive market, whilst working within the headcount restrictions and the civil service pay scales

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 Government Internal Audit Agency.

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 2023/24.



Adam Williams

Chief Executive and Accounting Officer

18 November 2024

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 (the Review Body).

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

- the need to recruit, retain and motivate and, where relevant, promote suitably able and qualified people to exercise their different responsibilities
- regional/local variations in labour markets and their effects on the recruitment, retention and, where relevant, promotion of staff
- government policies for improving 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) whose pay and conditions are centrally managed, meaning that terms, conditions and pay are largely set centrally by the Cabinet Office. The Permanent Secretary as Accounting Officer oversees departmental application of SCS pay awards and performance bonuses, in line with local reward strategy.

IPO also has a number of SCS Analogue roles whose pay and conditions, although delegated to the IPO, are determined by analogy with the SCS in DSIT.

Performance is assessed by line management into four performance groups: Exceeding, High Performing, Achieving and Partially Met. 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 'Achieving' and the smallest proportion in 'Partially Met'.

Members of SCS are eligible for an end-year award if they are assessed as a top performer. The cost control for Non-Consolidated Performance-Related Payment (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 DSIT SCS members and the outcome moderated by the DSIT Pay Committee.

Departments continue to have discretion to make in-year non-consolidated award payments to recognise outstanding contribution for 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 IPO SCS Analogues Remuneration Committee moderated the final performance grouping and outcomes.

The committee met on 8 September 2023 to moderate the 2023 award. The Chief Executive's performance was moderated by the Director General, Science, Innovation and Growth.

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		Non cash benefits		Pension benefits		Total Remuneration	
	23/24	22/23	23/24	22/23	23/24	22/23	23/24	22/23 ¹¹	23/24	22/23
	£000	£000	£000	£000	to nearest £100	to nearest £100	to nearest £1,000	to nearest £1,000	£000	£000
Adam Williams⁷ Interim Chief Executive from 1 September 2022 to 11 December 2022 Chief Executive from 12 December 2022	100-105	90-95	-	5-10	-	-	39	34	140-145	130-135
Andy Bartlett⁷ Director and Deputy CEO from 1 August 2022	100-105	60-65 (FYE 95-100)	0-5	0-5	-	-	90	64	190-195	125-130
Neil Hartley⁷ Director from 1 April 2015	85-90	80-85	0-5	0-5	-	-	166	(14)	255-260	65-70
Chris Mills⁷ Director from 12 April 2021	85-90	75-80	5-10	5-10	100	-	33	28	125-130	110-115
Sian-Nia Davies⁷ Director from 24 September 2021	85-90	85-90	0-5	0-5	-	-	34	32	120-125	115-120
Penny Phillipotts⁷ Director from 16 May 2022	85-90	75-80 (FYE 85-90)	0-5	0-5	1,000	-	35	29	125-130	100-105
Pippa Hall⁷ Director from 31 August 2016	80-85	75-80	0-5	0-5	-	-	33	30	115-120	105-110
Ben Llewellyn-Jones^{7,8} Director from 14 August 2023	50-55 (FYE 85-90)	-	-	-	-	-	9	-	60-65	-
Steph Dales⁹ Director from 29 January 2024	15-20 ¹⁰ (FYE 80-85)	-	-	-	-	-	33	-	50-55	-
Sarah Whitehead⁷ Director from 5 September 2022 to 16 July 2023	25-30 (FYE 75-80)	40-45 (FYE 70-75)	0-5	0-5	-	-	9	17	35-40	55-60

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 decreases due to a transfer of pension rights.

7. Is a member of the Senior Civil Service

8. On loan from another government department

9. Temporary promotion to board

10. Includes a payment of 5-10 (£000) to buy out London Weighting Allowance and modernisation of Civil Service terms and conditions at the D1 grade.

11. The pension benefits of any members affected by the public service pensions remedy which were reported in 2022/23 on the basis of alpha membership for the period between 1 April 2015 and 31 March 2022 are reported in 2023/24 on the basis of PCSPS membership for the same period.

The total remuneration bands have been calculated using actual figures.

Stephen Dadswell, Thomas Walkden, Jeff Lloyd and Sam Brand provided cover for directors at board meetings during the year but were not remunerated for this.

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.

Non-Cash Benefits

The monetary value of benefits in kind covers any benefits provided by the IPO and treated by HM Revenue and Customs as a taxable emolument. Penny Phillpotts and Chris Mills received non-cash vouchers.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2023/24 relate to performance in 2022/23 and the comparative bonuses reported for 2022/23 relate to the performance in 2021/22. Directors and all other staff, apart from the Chief Executive, are eligible for a share of the office bonus.

Pension Benefits - Audited

	Accrued pension at pension age as at 31/03/24 and related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV ¹² at 31/03/24 or leaving Office	CETV ¹² at 31/03/23 ¹³ or taking Office	Real increase/ (decrease) in CETV
	£000	£000	£000	£000	£000
Adam Williams Interim Chief Executive from 1 September 2022 to 11 December 2022 Chief Executive from 12 December 2022	25-30	0-2.5	438	301	27
Andy Bartlett Director and Deputy CEO from 1 August 2022	40-45 plus a lump sum of 115-120	2.5 - 5 plus a lump sum of 5 - 7.5	1,009	768	79
Neil Hartley Director from 1 April 2015	50-55	7.5-10	1,071	828	162
Chris Mills Director from 12 April 2021	15-20	0-2.5	211	132	16
Sian-Nia Davies Director from 24 September 2021	5-10	0-2.5	88	45	25
Penny Phillipotts Director from 16 May 2022	0-5	0-2.5	48	17	19
Pippa Hall Director from 31 August 2016	25-30	0-2.5	328	192	16
Ben Llewellyn-Jones Director from 14 August 2023	20 - 25 plus a lump sum of 65 - 70	0 - 2.5 plus a lump sum of 0 - 2.5	500	464	6
Steph Dales Director from 29 January 2024	15-20	0-2.5	320	290	26
Sarah Whitehead Director from 5 September 2022 to 16 July 2023	15-20	0-2.5	252	163	4

12. Cash equivalent transfer values

13. The pension benefits of any members affected by the public service pensions remedy which were reported in 2022-23 on the basis of alpha membership for the period between 1 April 2015 and 31 March 2022 are reported in 2023-24 on the basis of PCSPS membership for the same period.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis. 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. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had 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 accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal 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 in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy¹⁴ is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as “rollback”.

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or alpha benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

14. www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). 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). Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values (CETV)

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.

Fair Pay Disclosures – Audited

	2023/24		2022/23	
	Salary and Allowances	Performance Pay and Bonuses Payable	Salary and Allowances	Performance Pay and Bonuses Payable
Band of highest paid director total remuneration excluding pension increase (£000)	100-105	0-5	95-100	5-10
Percentage change in the remuneration of the highest paid director	6%	(86%)	(19%)	972%
Average Percentage change in the remuneration of the employees of the entity as a whole	8%	115%	5%	19%

Salary and allowances paid to the highest paid director increased by 6%, primarily due to a 5.5% pay award to SCS employees. Performance pay and bonuses payable to the highest paid director decreased by 86% from £5k-£10k to £0k-£5k.

There was an increase of 8% in salary and allowances and 115% in performance pay and bonuses payable to employees as a whole in 2023/24. This was due to the 8% average headline pay award for delegated IPO employees and a £1,500 cost of living payment.

	2023/24	2022/23
Number of persons receiving remuneration in excess of highest paid director	13	15
Remuneration range for employees including highest paid director (£000)	18-171	17-192

The numbers of persons receiving remuneration in excess of the highest paid director in 2023/24 is predominantly senior technical contractors supporting the Transformation programme. One permanent employee received remuneration in excess of the highest paid director in 2023/24 (2022/23 Nil).

	25th percentile pay ratio		Median pay ratio		75th percentile pay ratio	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Total pay and benefits	£33,375	£27,700	£47,429	£41,240	£65,355	£59,214
Salary component of total pay and benefits	£30,269	£25,044	£44,482	£32,741	£61,988	£57,583
Pay ratio	3.1	3.5	2.2	2.4	1.6	1.6

The decrease in the pay ratios is attributable to an increase in the pay and benefits of the entity's employees. The pay award for SCS employees in 2023/24 was 5.5% (with a further 1% targeted where agreed). In comparison, the average headline pay award for delegated IPO employees was 8% for the 2023/24 pay remit year. In addition, IPO employees received the £1,500 cost of living payment in 2023/24, which contributed to an improved pay ratio with the highest paid director. The 25th percentile and median pay ratios also decreased as a result of the way the pay award for delegated grades was implemented, with larger percentage increases for those lower down the pay span and at lower grades than higher grades, on average. The majority of IPO employees are in the lower two quartiles so following the implementation of the pay award we would expect to see the ratio of the 25th percentile and median decreasing.

There were fewer contract staff earning in excess of the highest paid director, 12 in 2023/24 compared to 15 in 2022/23. The number of highly paid off-payroll engagements (more than £245 per day) as of 31 March decreased from 50 in 2022/23 to 40 in 2023/24 and the average number of agency and contract staff increased from 87 FTE in 2022/23 to 98 FTE in 2023/24.

The median pay ratio for the 2023/24 financial year is consistent with the pay, reward and progression policies. The higher pay award for delegated grades, the £1,500 cost of living payment, targeted money at progression and vouchers awarded during the year for exceptional contribution as part of the employee recognition scheme have caused the ratios to decrease accordingly in comparison to 2022/23.

Steering Board Members – Audited

The Independent Board members and their remuneration are:

	2023/24 Remuneration £000	2022/23 Remuneration £000
Harry Rich Chair Appointed from 1 October 2021 to 30 September 2024	15-20	15-20
Andrew Lawrence Appointed from 31 July 2018 to 30 July 2025	10-15	10-15
Lopa Patel Reappointed from 31 July 2021 to 30 July 2024	5-10	5-10
Laurie Benson Appointed from 1 January 2020 to 31 December 2025	5-10	5-10
Hilary Newiss Appointed from 1 October 2021 to 30 September 2024	5-10	5-10
Harriet Kelsall Appointed from 1 October 2021 to 30 September 2024	5-10	5-10
Kevin Orford Reappointed from 28 November 2021 to 27 November 2023	5-10 (FYE 5-10)	5-10

The Steering Board members did not receive any bonuses, benefits in kind, or pension benefits in 2023/24 (2022/23: Nil).

Alexandra Jones is Director General, Industrial Strategy, Science, Innovation and Growth at DSIT with responsibility for the IPO throughout the year. Jo Shanmugalingam was Director General until May 2023.

The Director General is a member of the Steering Board and provides a designated deputy, the Deputy Director of DSIT, Lindsay Jamieson (previous DSIT representative was Oliver St John until September 2023).

Lindsay Jamieson and Oliver St John are civil servants and not remunerated by the IPO for serving on the Steering Board.

Chris Pleass served as an Independent Member on the Audit and Risk Committee. Chris Pleass is a civil servant and not remunerated by the IPO for serving on the Committee.

The minister appoints independent board members for a fixed term, which may be renewed.

Staff Report

Staff Costs – Audited

	Permanently employed staff	Short-term employment contract and agency staff	2023/24 Total	2022/23 Total
	£000	£000	£000	£000
Wages and salaries	80,057	9,113	89,170	79,328
Social security costs	8,957	-	8,957	8,139
Other pension costs	19,557	-	19,557	17,849
Subtotal	108,571	9,113	117,684	105,316
Capitalised staff costs included in above	(6,970)	(1,662)	(8,632)	(7,681)
Total net costs	101,601	7,451	109,052	97,635

Consultancy and the use of Contingent Labour

	2023/24 £000	2022/23 £000
Consultancy expenditure	51	48
Capitalised costs included above	-	(18)
Total net costs	51	30

	2023/24 £000	2022/23 £000
Contingent labour expenditure	9,113	9,575
Capitalised costs included above	(1,662)	(1,928)
Total net costs	7,451	7,647

IPO continue to use contingent labour to support our Transformation Programme and to provide difficult to recruit skills.

Off-Payroll Engagements

Highly paid off-payroll appointments as of 31 March, for more than £245 per Day¹⁵ or greater.

	2023/24	2022/23
Number of existing engagements as of 31 March	40	50
Of which:		
Number that have existed for less than one year at the time of reporting	12	13
Number that have existed for between one and two years at the time of reporting	6	18
Number that have existed for between two and three years at the time of reporting	9	9
Number that have existed for between three and four years at the time of reporting	7	-
Number that existed for between four or more years at the time of reporting	6	10

15. The £245 threshold is set to approximate the minimum point of the pay scale for a Senior Civil Servant.

Highly paid off-payroll appointments as of 31 March, for more than £245 per Day¹⁵ or greater.

	2023/24	2022/23
Number of temporary off-payroll workers ¹⁶ engaged during the year ended 31 March	56	71
Of which:		
Not subject to off-payroll legislation	-	-
Subject to off-payroll legislation and determined as in-scope of IR35	55	70
Subject to off-payroll legislation and determined as out-of-scope of IR35	1	1
Number of engagements reassessed for compliance or assurance purposes during the year	-	-
Of which:		
Number of engagements that saw a change to IR35 status following review	-	-

Off-Payroll Engagements of Board Members, and/or Senior Officials with Significant Financial Responsibility

	2023/24	2022/23
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 responsibility”, during the financial year	10	14

16. A worker that provides their services through their own limited company or another type of intermediary to the client will be subject to off-payroll legislation and the Department must undertake an assessment to determine whether that worker is in scope of Intermediaries legislation (IR35) or out-of-scope for tax purposes

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 IPO is unable to identify its share of the underlying assets and liabilities.

The Scheme Actuary valued the PCSPS as at 31 March 2020. 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 2023/24 employers’ contributions of £19,409,863 were payable to the CSOPS (2022/23 £17,812,153) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands.

The Scheme 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 2023/24 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers’ contributions of £96,430 (2022/23 £94,586) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%.

Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £2,423 (2022/23 £2,386), 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £Nil (2022/23 £183). Contributions prepaid at that date were £Nil (2022/23 £Nil).

Ill-Health Retirement

One individual retired early on ill-health grounds; the total additional accrued pension liabilities in 2023/24 amounted to £Nil (2022/23 £19,805).

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:

	2023/24 (FTE)	2022/23 (FTE)
Directors ¹⁷	8	8
Staff	1,605	1,620
Seconded in staff	6	5
Seconded out staff	3	-
Total	1,622	1,633
Agency/contract staff	98	87

17. Includes one loan-in on payroll

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

Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department 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.

Exit package cost (£)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
<10,000	-	-	-	-	-	-
10,000-25,000	-	-	1	-	1	-
25,000-50,000	-	-	1	1	1	1
50,000-100,000	-	-	-	1	-	1
100,000-150,000	-	-	1	-	1	-
150,000-200,000	-	-	-	-	-	-
Total number of exit packages	-	-	3	2	3	2
Total cost (£)	-	-	160,831	111,981	160,831	111,981

Staff Composition

The staff composition as at 31 March was as follows:

	2024 Male	2024 Female	2023 Male	2023 Female
Total staff	53.0%	47.0%	53.6%	46.4%
Directors	55.6%	44.4%	50.0%	50.0%
Senior Civil Servants	86.8%	13.2%	77.8%	22.2%
All other staff	52.7%	47.3%	53.3%	46.7%

SCS band	2023/24	2022/23
Band 2	2	2
Band 1	22	23
Total	24	25

Gender Pay Gap

We are fully committed to fair pay and recognise that reducing the gap is complex and therefore needs consistent and proactive action. It is something that we, as an organisation, take very seriously and reducing our pay gap will remain an IPO priority until it has been brought to a satisfactory level.

You can find further information on our pay gap, as well as our action plans to reduce the gap and our approach and commitment to diversity on our equality and diversity pages.¹⁸

Sickness Absence Data

During 2023/24, we averaged 7.8 (2022/23: 7.5) working days lost per person against our internal target of an average of 7 working days lost per person.

Staff Turnover

The staff turnover percentage for 2023/24 is 6.1% (2022/23 7.5%). The staff turnover figure is calculated as the number of leavers within the financial year divided by the average number of staff in post over the financial year. Leavers reported are aligned to the Cabinet Office guidelines; therefore, include retirements and resignations, however, do not include transfers to another department.

18. <https://www.gov.uk/government/organisations/intellectual-property-office/about/equality-and-diversity>

Staff Policies

The IPO is committed to making it a brilliant place to work, where employees are offered flexibility and development, where everyone's contribution is recognised, and embraces diversity and promotes equal opportunities.

Employee policies were applied during the year:

- to actively attract and recruit disabled people to IPO by making our recruitment process inclusive and accessible by making adjustments to remove any barriers faced. We achieve this through our Disability Confident Scheme (DCS) guaranteeing an interview for those who meet the minimum standard against all essential criteria
- to support and continue to develop colleagues who become disabled or acquire a health condition, including becoming aware of a neurodiversity, during their employment with IPO
- for promoting a working environment free from discrimination, harassment, and victimisation
- for ensuring 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

We regularly consult our people using a variety of engagement channels including employee networks on a number of topics.

Staff Engagement

72% of IPO colleagues completed the 2023 People Survey, which is a drop of 7% on 2022. This year our overall engagement index dropped from 66% in 2022 to 63% in 2023 and overall, we ranked 56th across 103 participating organisations for that measure.

In a challenging environment with a combination of external pressures and internal change, we did receive positive feedback in some key themes, seeing us remain within the high performing bracket for 'learning and development' and seeing an increase in our 'pay and benefits' scores.

This year, and with the imminent launch of a new strategy, our Board agreed that we would align our engagement activity to our wider ambitions for our people. Our usual annual cycle of acting on People Survey results limits our ability to make meaningful change. Some of the changes we need to make to address barriers to engagement often take longer than a single survey cycle to implement. So this year, instead of annual corporate action plans to address the survey results, our approach will have action areas linked to our strategic ambitions. Locally, our directorates will still be encouraged to take tactical action to address issues where appropriate.

Following the launch of the new IPO Strategy in May 2024, we will publish a complementary engagement plan, that aligns with our desired culture. This will cover areas for action over the next three years, as well as the priority activities for year one. The People Survey will be an important way to measure our progress and will also give us information about whether the overarching plans need to be tweaked based on the wider context.

Locally, directorates will continue to decide on the action they would like to take to address particular issues they have identified, and they will be supported by other IPO business areas where appropriate.

Alongside the People Survey, we have formal consultation and negotiation process with our recognised Trade Union representatives on pay, employment matters, human capital management and Health and Safety. We have regular meetings on these topics with the Trade Unions including an annual meeting with IPOB and Chief Executive.

We hold quarterly Whitley meetings under the Health and Safety Working Act 1974. Our Health and Safety policy is held internally on our intranet and available to all staff.

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.

	2023/24	2022/23
Number of employees who were relevant officials during the financial year	33.0	28.0
FTE number	31.0	26.0

Percent of Time Spent on Facility Time

	2023/24	2022/23
0%	4.0	2.0
1% - 50%	29.0	26.0
51% - 99%	-	-
100%	-	-

Percent of Paybill Spent on Facility Time

	2023/24	2022/23
	£000	£000
Total cost of facility time	99	75
Total paybill	108,571	95,741 ¹⁹
Percentage of total paybill spent on facility time	0.09%	0.08%

Paybill costs relate to permanent members of staff only during the accounting period.

Paid Trade Union Activities

	2023/24 (%)	2022/23 (%)
Time spent on paid trade union activities as a percentage of total paid facility time hours	0.5	-

19. Total paybill previously published for 2022/23 was £89,988k. This has been amended to include £5,753k of capitalised staff costs. The percentage of total paybill spent on facility time for 2022/23 is unchanged from the figure previously published.

Parliamentary Accountability and Audit Report

Regularity of Expenditure - Audited

All expenditure has complied with the regularity of expenditure requirements set out in HMT guidance. There has been consideration of whether our spend on non-rights granting activity is regular, with the conclusion that it is. More detail is provided in the Governance Section on page 63.

Losses and Special Payments - Audited

Losses or special payments were below the reporting threshold of £300k (cumulative).

Government Functional Standards

Compliance with the Government Functional Standards, as explained in the Governance statement, is monitored and reported to Audit and Risk Committee.

Special Severance Payments - Audited

No special severance payments were made during the year.

Gifts - Audited

Gifts made during the year were below the reporting threshold of £300k (cumulative).

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. Although there have been significant surpluses in recent years, these have been due to exceptional circumstances such as leaving the EU and Covid-19, which resulted in a large increase in workloads. Retained surpluses are fully allocated to fund known commitments and forecasts for future years, are that costs will broadly match income.

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:

2023/24	Patents	Trade marks	Designs	Other	Grant	Total
	£000	£000	£000	£000	£000	£000
Income	83,854	62,302	8,441	382	99	155,078
Expenditure	(79,913)	(51,916)	(10,421)	(3,192)	(99)	(145,541)
Subtotal before financing and dividend	3,941	10,386	(1,980)	(2,810)	-	9,537
Financial income	-	-	-	4,821	-	4,821
Financial expenditure	-	-	-	(11)	-	(11)
Dividend	(1,380)	(3,638)	-	-	-	(5,018)
Retained surplus/ (deficit) before additional dividend and other expenditure	2,561	6,748	(1,980)	2,000	-	9,329
Investment - non-capital						(2,066)
Voluntary exit scheme						(1,605)
Additional dividend (funded from reserves)						(3,113)
Retained surplus/ (deficit)						2,545
2022/23	Patents	Trade marks	Designs	Other	Grant	Total
	£000	£000	£000	£000	£000	£000
Income	83,420	61,646	7,848	938	99	153,951
Expenditure	(72,255)	(45,394)	(8,465)	(3,145)	(99)	(129,358)
Subtotal before financing and dividend	11,165	16,252	(617)	(2,207)	-	24,593
Financial income	-	-	-	1,860	-	1,860
Financial expenditure	-	-	-	(14)	-	(14)
Dividend	(1,919)	(2,793)	-	-	-	(4,712)
Retained surplus/ (deficit) before additional dividend and other expenditure	9,246	13,459	(617)	(361)	-	21,727
Investment - non-capital						(9,345)
Additional dividend (funded from reserves)						(2,803)
Retained surplus/ (deficit)						9,579

During the reporting year we have made some improvements to the way we allocate costs and present this information.

Each of our rights areas has costs directly allocated, e.g. examiners and other frontline staff, any non-pay costs specific to that rights area. All other costs, support functions, overheads etc, are apportioned to the different rights.

IPO also carries out other non-statutory copyright activity, for which a fee is not charged and have now reported this separately. Using the same methodology we have allocated direct costs and included an appropriate share of indirect costs. The figures for 2022/23 have been re-analysed to reflect this.

Financial income and expenditure is now shown separate to our rights areas.

Investment activity and other one off costs are presented separately as as expenditure funded from cash reserves.

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 is aware of. Liabilities of the EPO and other multi-national organisations lie with the Secretary of State.

A handwritten signature in black ink that reads "Adam Williams". The signature is written in a cursive, slightly slanted style.

Adam Williams

Chief Executive and Accounting Officer

18 November 2024

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 2024 under the Government Trading Funds Act 1973.

The financial statements comprise the Patent Office's

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

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 2024 and its retained surplus for the year then ended; and
- have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

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 for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 2019*. I am independent of the Patent Office in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the Patent Office's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Patent Office's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Government Trading Funds Act 1973.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Trading Funds Act 1973;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In light of the knowledge and understanding of the Patent Office and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

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 by the Patent Office or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Patent Office from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Trading Funds Act 1973;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Trading Funds Act 1973; and
- assessing the Patent Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Patent Office will not continue to be provided in the future.

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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Patent Office's accounting policies, key performance indicators and performance incentives.
- inquired of management, the Patent Office's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Patent Office's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Patent Office's controls relating to the Patent Office's compliance with the Government Trading Funds Act 1973, Managing Public Money;
- inquired of management, the Patent Office's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Patent Office for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Patent Office's framework of authority and other legal and regulatory frameworks in which the Patent Office operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Patent Office. The key laws and regulations I considered in this context included Government Trading Funds Act 1973, Managing Public Money, employment law and tax legislation.

Audit response to identified risk

- To respond to the identified risks resulting from the above procedures:
- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income 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.

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Date: 19 November 2024

Comptroller and Auditor General

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

Financial Statements to 31 March 2024

Statement of Comprehensive Income

For the year ended 31 March

		2023/24	2022/23
	Notes	£000	£000
Revenue from contracts with customers	3(a)	154,597	152,914
Other operating income	3(b)	481	1,037
Total operating income		155,078	153,951
Staff costs	4	(109,052)	(97,635)
Other operating costs	5	(34,902)	(37,487)
Creation of provision	5	(1,605)	-
Depreciation and amortisation	5	(3,653)	(3,581)
Operating surplus before financing and dividend		5,866	15,248
Financial income	6(a)	4,821	1,860
IFRS 16 - Financial cost	6(b)	(11)	(14)
Operating surplus on ordinary activities		10,676	17,094
Dividend	7	(5,018)	(4,712)
Surplus before additional dividend		5,658	12,382
Additional dividend	7	(3,113)	(2,803)
Retained surplus for the year		2,545	9,579
Other comprehensive income			
Net gain/(loss) on revaluation of property, plant and equipment	8	297	(316)
Net gain on revaluation of intangible assets	9	1,369	1,300
Total comprehensive income		4,211	10,563

The notes on pages 102 to 122 form part of these accounts.

Statement of Financial Position

At 31 March

		2023/24	2022/23
	Notes	£000	£000
Non-current assets			
Property, plant and equipment	8	23,085	23,862
Intangible assets	9	67,022	47,125
Trade and other receivables	10(a)	281	1,305
Total non-current assets		90,388	72,292
Current assets			
Trade and other receivables	10(b)	13,370	15,626
Cash and cash equivalents	11	95,408	101,576
Total current assets		108,778	117,202
Total assets		199,166	189,494
Current liabilities			
Contract liabilities - grant income	12(b)	(99)	(750)
Trade and other payables	12(b)	(26,932)	(26,743)
IFRS 16 Lease liabilities	12(b)	(347)	(353)
Other liabilities	12(b)	(30,595)	(26,499)
Provision for liabilities and charges	13	(1,187)	-
Total current liabilities		(59,160)	(54,345)
Total assets less current liabilities		140,006	135,149
Non-current liabilities			
Contract liabilities – grant income	12(a)	(552)	-
IFRS 16 Lease liabilities	12(a)	(684)	(1,010)
Provision for liabilities and charges	13	(720)	(300)
Total non-current liabilities		(1,956)	(1,310)
Total assets less total liabilities		138,050	133,839
Capital and Reserves			
Public dividend capital		6,325	6,325
Revaluation reserve		4,821	4,078
General reserve		126,904	123,436
Total equity		138,050	133,839

“Other Liabilities” have been re-analysed to present “Contract Liabilities – grant income” separately

The notes on pages 102 to 122 form part of these accounts.



Adam Williams

Chief Executive and Accounting Officer

18 November 2024

Statement of Cash Flows

For the year ended 31 March

		2023/24	2022/23
	Notes	£000	£000
Net cash inflow from operating activities			
Net operating surplus before financing and dividend		5,866	15,248
Adjustment for non-cash items	5	5,258	3,581
Decrease/(Increase) in trade and other receivables	10(a) & (b)	3,305	(1,185)
Increase in trade payables	12	4,161	4,839
Movements relating to items not passing through the SOCI	7	(305)	(1,005)
Use of provisions	13	-	-
Net cash inflow from operating activities		18,285	21,478
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(539)	(1,275)
Purchase of intangible assets	9	(20,567)	(24,710)
Interest received	6(a)	4,821	1,860
Net cash outflow from investing activities		(16,285)	(24,125)
Cash flows from financing activities			
Dividends paid	7	(7,825)	(6,864)
IFRS 16 - Payment of lease liabilities	12	(332)	(341)
IFRS 16 - Interest paid	6(b)	(11)	(14)
Net cash outflow from financing activities		(8,168)	(7,219)
Net decrease in cash and cash equivalents in year		(6,168)	(9,866)
Cash and cash equivalents at the beginning of the year	11	101,576	111,442
Cash and cash equivalents at the end of the year	11	95,408	101,576

The notes on pages 102 to 122 form part of these accounts.

Statement of Changes in Taxpayers' Equity

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

		PDC	Revaluation Reserve	General Reserve	Total Capital & Reserves
	Notes	£000	£000	£000	£000
Balance at 31 March 2022		6,325	3,094	113,414	122,833
Changes in capital and reserves for 2022/23					
Net (loss) on revaluation of property, plant and equipment	8	-	(316)	-	(316)
Net gain on revaluation of intangible assets	9	-	1,743	-	1,743
Transfer of (excess)/realised depreciation between reserves		-	(443)	443	-
Retained surplus		-	-	9,579	9,579
At 31 March 2023		6,325	4,078	123,436	133,839
Changes in capital and reserves for 2023/24					
Net gain on revaluation of property, plant and equipment	8	-	297	-	297
Net gain on revaluation of intangible asset	9	-	1,369	-	1,369
Transfer of (excess)/realised depreciation between reserves		-	(923)	923	-
Retained surplus		-	-	2,545	2,545
At 31 March 2024		6,325	4,821	126,904	138,050

The net gain on intangible assets has been re-analysed between the gain and the transfer.

A description of the nature and purpose of each reserve is provided in note 1(r).

The notes on pages 102 to 122 form part of these accounts.

Notes to the Accounts

1) Accounting Policies

1(a) Statement of Accounting Policies

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards. 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, Significant Judgements and Estimates

Accounting Convention

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 Accounting Officer has prepared forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the IPO will have sufficient funds to meet its liabilities as they fall due for that period.

Significant Judgements and Estimates

The preparation of financial statements in conformity with IFRS 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 estimates and judgements in management's view are asset valuation, impairment of intangibles and income recognition (contract liabilities).

During 2023/24 a provision has been created for a Voluntary Exit Scheme, the main estimates relate to uncertainty of future expenditure and the discount rate applied, which is provided by HM Treasury.

1(c) Capitalisation Recognition and Threshold

Property, plant and equipment is capitalised where:

- the asset is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits associated with the item will flow to, or service potential be provided to, the IPO
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has a cost of at least £5,000 excluding VAT
- collectively, a number of items have a cost of at least £5,000 and where assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control

Where a large asset, for example a building, or plant and equipment, includes a number of components with significantly different asset lives then these components are treated as separate assets and depreciated over their own useful lives.

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.

Assets are depreciated to estimated residual values on a straight-line basis over their estimated useful lives.

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits, or service potential deriving from the cost incurred to replace a component of such item, will flow to the IPO and the cost of the item can be determined reliably.

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised.

Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred

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

A professional revaluation of our property portfolio is undertaken on 31 March each financial year in accordance with the requirements of the FReM.

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 last land and building valuation was performed on 31 March 2024 on an existing value in use basis as in previous years.

Surpluses and deficits arising on revaluation are charged to the Revaluation Reserve. Where it is not possible for any such deficit to be offset by previous surpluses in the Revaluation Reserve, it is charged to revenue as permanent diminutions in the value of the fixed assets. We continue to review our Non-Current Assets and report in line with our accounting policy.

Sensitivity analysis has shown that the valuation would have to increase/decrease by 12.7% before there was a material financial reporting impact on our financial statements. We conclude our property valuations and assets values remain applicable as reported in note 8.

1(e) Non-Current Assets: Intangible Assets

Intangible assets consist of specialist software developed for the IPO.

Software development intangible assets are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the IPO over a period of more than one year, and where the cost of the asset can be measured reliably.

Intangible assets are recognised initially at cost, comprising all directly attributable costs (including the costs of third-party work and the direct costs of in-house staff effort) needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Excluding additions in the financial year, software assets are revalued annually by applying an index. As the major cost of developing computer software is IT labour costs, the index used is Office for National Statistics – ‘AWE: Information and Communication Index: Non Seasonally Adjusted Total Pay Including Arrears’.

This index focuses on tracking changes in pay within the Information and Communications Industries.

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. At the point the asset is capable of operating as intended, and economic benefit flows from the asset, it will be classified as being in use and depreciation/amortisation will commence.

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 - five years
- plant and machinery - five years

Depreciation is charged from the date of acquisition.

The estimated remaining life of the building and car park on 31 March 2024 is 48 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 - five 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) Impairment of PPE and Intangible Non-Current Assets

IPO reviews carrying amounts at each reporting date. If an indicator for impairment occurs, then the recoverable amount of the asset (the higher of fair value less costs to sell and value in use) is estimated and an impairment loss recognised to the extent that it is lower than the carrying amount. Losses arising from a clear consumption of economic benefit are charged to net expenditure for the year. Losses that do not result from a loss of economic value or service potential are taken to the revaluation reserve to the extent that a revaluation reserve exists for the impaired asset; otherwise, to net expenditure for the year

1(h) Income

IPO adopted IFRS 15 Revenue from Contracts with Customers from 1 April 2018. This standard has been adapted by the FReM 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 six 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 timings²⁰

The fees applicable to each stage²¹

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.

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

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

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. The assumptions are:

- based on time to complete the application process it is estimated that 80% of time and effort is incurred at the first obligation point, examination. Income of 80% is therefore recognised at this stage
- the remaining 20% is recognised when an application has been completed and rights granted or refused

For 2023/24, there have been no material changes to the variables or assumptions in our established methodology since the review in 2022/23.

Therefore, our methodology for revenue recognition remains unchanged for 2023/24 with 80% of income recognised at the first performance obligation (examination) and 20% recognised at the final performance obligation (rights granting or refusal).

Detailed sensitivity analysis has shown that the deferral rate can move 21 percentage points before causing a material difference. It is again worth noting that the deferral rate does not apply to the full population of deferred transactions, since a significant proportion are deferred at 100% (application received, not yet started).

Trade marks:

- examination – feedback is provided within the agreed customer service standard of 10 working days
- rights granting – providing there are no issues or opposition filed, it usually takes around three to four months from application for a trade mark to be registered

Designs:

- examination – feedback is provided within the agreed customer service standards of 10 working days
- rights granting – providing there are no issues, registration takes place within 24 hours of the case being examined

Income relating to 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.

Further details on trade mark application timings²²

Details on trade mark fees²³

Further details on design application timings²⁴

Details on design fees²⁵

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.

²² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/826521/TrademarkTimeline.pdf

²³ <https://www.gov.uk/government/publications/trade-mark-forms-and-fees/trade-mark-forms-and-fees>

²⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/829853/designs-timeline.pdf

²⁵ <https://www.gov.uk/government/publications/design-forms-and-fees/design-forms-and-fees>

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 12(b)).

Other transactions

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

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 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 conditions 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 as it falls within the DSIT 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) Leases

IFRS 16 'Leases'

In accordance with IFRS 16, at inception of a contract, we assess whether or not a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When a lease is identified in a contract we recognise a right of use asset and a lease liability at the lease commencement date.

The right of use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease prepayments made at or before the commencement date. Also included are any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, HMT issued incremental borrowing rate is used.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, or if we change our assessment of whether we will exercise a purchase, extension or termination option. We present right of use assets in property, plant and equipment and lease liabilities within other payables in the balance sheet.

We have applied the recognition exemption of low value leases (less than £5,000) and short-term leases (duration less than 12 months). These

leases are recognised as operating leases with the lease payments charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

IPO has used the cost model basis as a proxy for Fair Value.

Operating Leases

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; 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 using a nominal rate and an inflation rate outlined in guidance issued by HM Treasury. During 2023/24 a provision has been created for a Voluntary Exit Scheme (see note 13)

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 DSIT. The Treasury Minute detailing the ordinary dividend charge can be found in Appendix A. DSIT 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 the Police Intellectual Property Crime Unit (PIPCU).

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 and are accounted for as if they are defined contribution schemes. 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 and cash equivalents comprise cash balances in government and commercial bank accounts. They are carried in the Statement of Financial Position at face value (see note 12). The IPO does not have any bank overdrafts. Cash not required for short-term operational needs can be deposited with National Loans Fund (NLF). No deposits were made with NLF at the reporting date however this will be considered for future periods.

1(r) Capital and Reserves

The nature and purpose of Reserves held by IPO are detailed below:

Public Dividend Capital

Public dividend capital represents the capital invested in IPO by the Secretary of State for Trade and Industry on IPO becoming a trading fund on 1 October 1991.

Further Machinery of Government changes were announced in February 2023 with BEIS disbanded and replaced by four new departments. IPO were confirmed as an executive agency of the new Department for Science, Innovation and Technology (DSIT) with accounting officer responsibilities formally transferred from 1st April 2023.

Public Dividend Capital is not an equity instrument as defined in IAS 32 Financial Instruments: Presentation.

General Reserve

The general reserve represents the cumulative retained net income (after dividends) since the IPO became a trading fund.

Revaluation Reserve

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments to assets. Increases arising on revaluation are taken to the revaluation reserve. A revaluation decrease is charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the income statement.

1(s) 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 17 Accounting for Insurance Contracts

This standard replaces IFRS 4 and was due to impact accounting periods starting on or after 1 January 2023. However, a decision has been made by the Financial Reporting Advisory Board (FRAB) to delay the mandatory adoption of this standard until 2025/26. 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. 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	2023/24	2022/23
	£000	£000
Patents		
Application, search and examination fees	4,525	4,660
Renewals for UK patents	13,204	13,312
UK EP Renewal Income	64,288	63,506
Other	1,837	1,942
	83,854	83,420
Trade marks		
Application fees	38,056	38,823
Renewal fees	21,739	20,222
Other	2,507	2,601
	62,302	61,646
Designs		
Application fees	1,221	1,062
Renewal fees	6,780	6,381
Other	440	405
	8,441	7,848
Total revenue from contracts with customers	154,597	152,914

3(b) Other Operating Income

	2023/24	2022/23
	£000	£000
Publications	30	51
Commercial services	352	887
Grant income	99	99
Total other operating income	481	1,037

Note 3(a) Individual Application lines include revenue relating to contract liabilities movement. This was also the case in 2022/23.

The table below shows the movement in these liabilities (note12(b)) over the reporting period.

	2023/24	2022/23
	£000	£000
Patents	(72)	58
Trade marks	(160)	797
Designs	(10)	12
	(242)	867

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.

	2023/24	2022/23
	£000	£000
Salaries and wages	80,057	69,753
Social security costs	8,957	8,139
Pension costs	19,557	17,849
Agency/contract staff	9,113	9,575
Capitalised staff costs included above	(8,632)	(7,681)
	109,052	97,635

5) Other Non-Staff Costs

	2023/24	2022/23
	£000	£000
IT and telecoms	14,178	14,052
European Patent Office costs	512	3,227
Access to online IP databases	2,693	2,803
Innovation support	2,313	1,844
Banking and card commissions	2,318	2,225
Research co-operation and seminars	1,334	2,238
Subscriptions to international bodies	1,048	971
Legal and hearings	1,328	1,163
Outreach and marketing	359	432
Recruitment and other staffing costs	546	690
Travel	777	601
Training	1,186	1,201
Office supplies and equipment inc. postage	717	753
Accommodation ex leases	4,847	4,240
Property lease costs	12	20
Hire of office machinery	80	111
Departmental overheads	106	109
Audit fee ²⁶	86	71
Exchange rate (gains)	(12)	(75)
Enforcement support	116	344
Consultancy	51	30
Other admin costs	307	437
Total	34,902	37,487
Non cash items		
Amortisation	2,039	2,033
Depreciation - PPE	1,206	1,143
Depreciation - IFRS 16 Leases	408	405
Creation of provisions	1,605	-
Total non cash	5,258	3,581
Total cash and non cash	40,160	41,068

Presentation of 2022/23 numbers has been amended for comparability.

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

6) Financial Income & Cost

6(a) Financial Income

	2023/24	2022/23
	£000	£000
Short term deposits - operating activities	4,821	1,860

The interest derives from deposits with the Government Banking Service.

6(b) Financial Cost

	2023/24	2022/23
	£000	£000
Interest payable on IFRS 16 Lease liabilities	11	14

7) Dividends

	2023/24	2022/23
	£000	£000
Dividend	5,018	4,712
Additional dividend	3,113	2,803
	8,131	7,515

A dividend of £5,018k is due to DSIT for 2023/24(2022/23: £4,712k) in line with our trading fund financial objective (see note 1(o)).

DSIT is able to utilise IPO surpluses through taking additional dividends and currently does so to fund other IP related initiatives, specifically the funding of the Police Intellectual Property Crime Unit (PIPCU); the amount of £3,113k paid in 2023/24 covers PIPCU's costs (on an actuals basis) since the last additional dividend of £2,803k in 2022/23.

The cashflow statement reflects payments made 2023/24 being the 2022/23 dividend of £4,712k, plus the additional dividend of £3,113k (2022/23 amounts paid were 2021/22 dividend of £4,060k plus, additional dividend of £2,803k).

8) Property, Plant and Equipment

2023/24	Land	Buildings	Assets under construction	Plant and machinery	Information Technology	IFRS 16 ROU Assets	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 April 2023	3,400	14,825	-	5,604	4,775	2,006	30,610
Additions IFRS 16	-	-	-	-	-	-	-
Additions	-	-	84	164	273	18	539
Revaluation	-	-	-	-	-	1	1
Disposals	-	-	-	-	(3)	-	(3)
At 31 March 2024	3,400	14,825	84	5,768	5,045	2,025	31,147
Depreciation							
At 1 April 2023	-	-	-	2,541	3,802	405	6,748
Provided during the year	-	297	-	479	430	408	1,614
(Deficit) on revaluation	-	(297)	-	-	-	-	(297)
Disposals	-	-	-	-	(3)	-	(3)
At 31 March 2024	-	-	-	3,020	4,229	813	8,062
Net book value at 31 March 2024	3,400	14,825	84	2,748	816	1,212	23,085

2022/23	Land	Buildings	Plant and machinery	Information Technology	IFRS 16 ROU Assets	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2022	3,400	15,450	4,670	4,699	-	28,219
Initial adoption of IFRS16	-	-	-	-	2,006	2,006
Additions IFRS 16	-	-	-	-	39	39
Additions	-	-	934	341	-	1,275
Reclassifications	-	-	-	-	(39)	(39)
Revaluation	-	(625)	-	-	-	(625)
Disposals	-	-	-	(265)	-	(265)
At 31 March 2023	3,400	14,825	5,604	4,775	2,006	30,610
Depreciation						
At 1 April 2022	-	-	2,155	3,619	-	5,774
Provided during the year	-	309	386	448	405	1,548
Reclassifications	-	-	-	-	-	-
(Deficit) on revaluation	-	(309)	-	-	-	(309)
Disposals	-	-	-	(265)	-	(265)
At 31 March 2023	-	-	2,541	3,802	405	6,748
Net book value at 31 March 2023	3,400	14,825	3,063	973	1,601	23,862

The land and buildings referred to above are freehold and have been revalued at £18.23 million on the basis of existing use (2022/23 £18.23million) by the Valuation Office Agency (VOA), Newport, South Wales on 31 March 2024. Following discussion with their professional valuer VOA are satisfied the valuation method applied in 2023/24 is appropriate, based on both professional guidance and available market information. The valuation method adopted this year followed a consistent approach to prior years.

The valuation has been prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards and RICS UK National Supplement, commonly known together as the Red Book.

9) Intangible Assets

2023/24	Software in use	Software under construction	Software Total
	£000	£000	£000
Cost or valuation			
At 1 April 2023	24,130	38,541	62,671
Additions	-	20,567	20,567
Reclassifications	-	-	-
Revaluation	1,369	-	1,369
Disposals	-	-	-
At 31 March 2024	25,499	59,108	84,607
Amortisation			
At 1 April 2023	15,546	-	15,546
Provided during the year	2,039	-	2,039
Revaluation	-	-	-
Disposals	-	-	-
At 31 March 2024	17,585	-	17,585
Net book value at 31 March 2024	7,914	59,108	67,022
2022/23	Software in use	Software under construction	Software Total
	£000	£000	£000
Cost or valuation			
At 1 April 2022	22,387	13,831	36,218
Additions	-	24,710	24,710
Reclassifications	-	-	-
Revaluation	1,743	-	1,743
Disposals	-	-	-
At 31 March 2023	24,130	38,541	62,671
Amortisation			
At 1 April 2022	13,513	-	13,513
Provided during the year	2,033	-	2,033
Revaluation	-	-	-
Disposals	-	-	-
At 31 March 2023	15,546	-	15,546
Net book value at 31 March 2023	8,584	38,541	47,125

All Software is internally generated.

Intangible assets are revalued annually by reference to the most appropriate price indices (see note 1(e)).

Software under construction includes one project with a carrying value of £59,108k (2022/23: £38,541k).

The patents element of the IPO's new digital system is expected to commence roll out to selected customers from October 2024, building up to a wider release from April 2025. Following this, the delivery of the trade marks and designs elements are expected to gradually become available to customers from October 2026. The useful economic life of the new system is expected to be 13 years from the patents element coming into general use.

Software in use includes projects with material values, as detailed below:

Software in Use as at 31/03/2024	Carrying value	Useful economic life (UEL)	Grant carrying value	
	£000		£000	
TM10 ²⁷	2,231	3 year and 6 months		
AI ²⁸	2,425	6 years and 7 months	651	Grant to be released over remaining UEL of Asset
Renewals ²⁹	2,118	5 years and 6 months		
Designs ³⁰	547	3 years and 6 months		
Software in Use as at 31/03/2023	Carrying value	Useful economic life (UEL)	Grant carrying value	
	£000		£000	
TM10 ²⁶	2,506	2 years and 11 months		
AI ²⁷	2,569	7 years and 7 months	750	Grant to be released over remaining UEL of Asset
Renewals ²⁸	2,263	6 years and 6 months		
Designs ²⁹	668	2 years and 11 months		

27. TM10 is the system used to holistically manage trade mark IP rights

28. AI is the pre-apply tool used to support our customers in their applications for trade marks

29. Renewals is the service to renew across IP rights (trade marks, designs and patents)

30. Designs is the system used to manage Designs IP rights

10) Trade Receivables

10(a) Non-Current Trade Receivables

	2023/24	2022/23
	£000	£000
Prepayments and accrued income	281	1,305
	281	1,305

10(b) Current Trade Receivables

	2023/24	2022/23
	£000	£000
Trade receivables	7,599	9,056
(Accruals)/Prepayments relating to IFRS 16	(4)	26
Prepayments and accrued income	5,776	6,544
	13,371	15,626

11) Cash and Cash Equivalents

	2023/24	2022/23
	£000	£000
Balance at 1 April	101,576	111,442
Net change in cash and cash equivalent balances	(6,168)	(9,866)
Balance at 31 March	95,408	101,576
The following balances at 31 March were held at:		
Government Banking Service	94,509	100,450
Commercial Banks and cash in hand	899	1,126
	95,408	101,576

At the end of 2023/24 our cash and cash equivalents reduced to £95.4m (£101.6m at the end of 2022/23). This balance remains fully allocated to fund the planned completion of our Transformation Programme, cover other known liabilities such as funds held on behalf of deposit account customers, the EPO and, given our trading fund status, provide a sufficient level of working capital coverage.

12) Liabilities

12(a) Non-Current Liabilities

	2023/24	2022/23
	£000	£000
Amounts falling due after one year		
IFRS 16 lease liabilities	684	1,010
Contract liabilities - grant income	552	-
	1,236	1,010

12(b) Current Liabilities

	2023/24	2022/23
	£000	£000
Trade and other payables		
Amounts falling due within one year:		
User deposit accounts	9,156	9,005
Trade payables	17,776	17,738
	26,932	26,743
Other liabilities		
Contract liabilities - revenue from contracts with customers	5,303	5,061
Contract liabilities - other	12	5
Contract liabilities - grant income	99	750
Taxation and social security	2,153	1,824
Superannuation	2,068	1,822
Other liabilities	56	50
IFRS 16 Lease liability	347	353
Dividend payable	5,018	4,712
Employee benefits - untaken leave owed	4,987	3,358
Accruals	10,998	9,667
	31,041	27,602

“Other liabilities” and “Contract Liabilities – grant income” has been re-analysed in 2023/24 between current and non-current liabilities.

No changes have been made to accounting estimates or judgements in 2023/24.

The movement in contract liabilities – revenue from contract with customers £242k is further analysed across the different rights in Note 3.

IFRS16 Lease Liabilities as included above comprises:

	2023/24	2022/23
Buildings	£000	£000
Not later than 1 year	304	304
Later than 1 year and not later than 5 years	586	891
Later than 5 years	90	90
Present value of obligations	980	1,285
Equipment		
Not later than 1 year	40	39
Later than 1 year and not later than 5 years	29	59
Later than 5 years	-	-
Present value of obligations	69	98
Vehicles		
Not later than 1 year	3	9
Later than 1 year and not later than 5 years	-	3
Later than 5 years	-	-
Present value of obligations	3	12
Less interest element	(21)	(32)
Total Present value of obligations	1,031	1,363
Current	347	353
Non-current	684	1,010
Total	1,031	1,363

13) Provision for Liabilities and Charges

2023/24	Dilapidation Provision	Other Provisions	Total
	£000	£000	£000
At 1 April 2023	300	-	300
Provision made in year	-	1,605	1,605
Provisions not required written back	-	-	-
Payments offset against the provision	-	-	-
Unwinding of discount on provision	2	-	2
Balance at 31 March 2024	302	1,605	1,907

In 2023/24 a provision has been recognised for a Voluntary Exit Scheme.

Future payments to be made in relation to these provisions have been discounted at the HM Treasury advised rate.

Analysis of expected timing of discounted cash flows

	Dilapidation Provision	Other Provisions	Total
	£000	£000	£000
Within 1 year	-	1,187	1,187
Between 1 and 5 years	302	418	720
After 5 years	-	-	-
Balance at 31 March 2024	302	1,605	1,907

2022/23	Dilapidation Provision	Total
	£000	£000
At 1 April 2022	-	-
Provision made in year	339	339
Provisions not required written back	-	-
Payments offset against the provision	-	-
Unwinding of discount on provision	(39)	(39)
Balance at 31 March 2023	300	300

In 2022/23 following the review of leases as part of the transition to IFR16 two dilapidation provisions were recognised to reflect contractual commitments for refurbishments at the end of the lease period.

Analysis of expected timing of discounted cash flows

2022/23	Dilapidation Provision	Total
	£000	£000
Within 1 year	-	-
Between 1 and 5 years	114	114
After 5 years	186	186
Balance at 31 March 2023	300	300

14) Commitments Under Leases

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

	2023/24	2023/24	2022/23	2022/23
	£000	£000	£000	£000
	Buildings	Other	Buildings	Other
Leases falling due:				
Within 1 year	17	7	17	22
Between 1 and 5 years	60	-	66	-
After 5 years	-	-	10	-
	77	7	93	22

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

15) Future Income Due Under Non-Cancellable Operating Leases

There are no non-cancellable operating leases at 31 March 2024 (2022/23: Nil).

16) Contingent Liabilities

In 2022/23 IPO was in receipt of a legal challenge relating to a court judgement on UK copyright law. Discussions have continued throughout 2023/24 but no agreement has been reached and litigation is on going. A contingent liability is being recognised as opposed to a provision due to the uncertainty around whether the liability exists and the potential amount. In line with IAS 37 paragraph 92 no information is being disclosed as it is believed it could seriously prejudice IPO's position in the dispute. (2022/23:Nil)

17) Related Party Transactions

The IPO is an executive agency of DSIT. DSIT is regarded as a related party. During the year, the IPO had various material transactions with DSIT. These were the dividend and some payments for central services provided by DSIT. 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, HMT, 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.

18) 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.

19) Events after the Reporting Period

There have been no significant events between the Statement of Financial Position and the date of authorising these financial statements.

These financial statements were authorised for issue on the date of the Comptroller and Auditor General's certificate and report.

.....

These financial statements are laid before the House of Commons by the Department for Science, Innovation and Technology (DSIT). 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 Accounting Officer authorised these financial statements for issue on 18 November 2024.

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 Secretary of State for Business, Energy and Industrial Strategy, 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 2019 to 31 March 2024 shall be to achieve a return, averaged over the period as a whole, of 3.5 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, i.e. the Public Dividend Capital, long-term element of Exchequer loans and reserves.

4. This minute supersedes that dated 19 May 2014.

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

18 March 2021

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