



For Innovation

Framework Document 2006



dti

A DTI SERVICE

Foreword by Minister



I am delighted to introduce this new Framework Document for the Patent Office. Since becoming an Executive Agency of the Department of Trade and Industry in 1990, it has continued to evolve to meet the demands and expectations of its stakeholders in providing a first class service in all aspects of Intellectual Property (IP). IP rights represent a solid foundation on which the knowledge economy can be built and are a key element in promoting strong and competitive markets. Customer-facing Agencies such as the Patent Office are at the forefront of our modernising agenda and at the leading edge of technological change in Government. The coming years will be especially demanding ones for the Patent Office as it makes the changes to become a Patent Office for the 21st Century, at the heart of innovation and delivery of government policies to improve the competitiveness of us the UK. It will focus heavily on strengthening its role as an enabler, working through partnerships to raise awareness and understanding of IP throughout UK business.

Trading Funds like the Patent Office play an important part in the delivery of efficient and effective Government services. All Agencies are required to show improved effectiveness, efficiency and quality and the Patent Office has a strong track record in doing so. With strong leadership and management, committed staff, stretching but achievable targets and Ministerial support where necessary, I am certain that this process of change and improvement will continue.

I wish the Patent Office every success for the future.

A handwritten signature in black ink that reads "Sainsbury" followed by a stylized flourish.

Lord Sainsbury
Parliamentary Under-Secretary of State for Science and Innovation

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1. Introduction

- 1.1 The Patent Office became an Executive Agency of the Department of Trade and Industry (“the Department”) on 1 March 1990 and achieved Trading Fund status on 1 October 1991.
- 1.2 The formal title of the Agency is “The Patent, Trade Mark, Copyright and Design Executive Agency”, but its usual title is The Patent Office.
- 1.3 This document sets out the framework of policy, planning, accountability and delegations within which the Patent Office operates.

- 1.4 The Patent Office has offices at:

Concept House (Head Office)

Cardiff Road
Newport
South Wales
NP10 8QQ

Tel: 01633 814000

Fax: 01633 814444

Website: <http://www.patent.gov.uk>

Harmsworth House

13-15 Bouverie Street,
London
EC4Y 8DP

Tel: 0207 5966512

Fax: 0207 5966527

Nine Mile Point

Units 5 & 6
Nine Mile Point Industrial Estate
Cwmfelinfach
South Wales
NP11 7HZ

Tel: 01495 201100

- 1.5 The Patent Office has an annual turnover of circa £50 million and employs circa 1,000 staff.

2. Functions, Aims and Objectives

Patent Office Functions

2.1 The Patent Office is responsible for implementing the national framework governing intellectual property rights (IPR) and for promoting the UK's interests in the development of the international Intellectual Property Rights system. The system is based on community and international law as well as domestic legislation (governed by the Patents Act 1977, the Copyright, Designs and Patents Act 1988, the Trade Marks Act 1994 and associated legislation). The Patent Office has the following specific responsibilities for administration of domestic and international law:

- the grant of patents for inventions;
- the registration of trade marks;
- the registration of designs;
- the maintenance of rights granted or registered, including patents granted by the European Patent Office (EPO) under the European Patent Convention (EPC) and covering the United Kingdom;
- acting as the point of entry for UK companies and individuals to the EPC and the Patent Co-operation Treaty (PCT) where transnational protection is sought;
- acting as a point of entry for UK companies and individuals seeking Community Trade Marks (CTMS) or Designs, or Trade Marks in other jurisdictions under the Madrid Protocol;
- formulating and implementing UK Intellectual Property (IP) policy.
- Increasing awareness of business on the effective use of IP;
- Acting as a hub in the network for fighting IP Crime;

Patent Office Aims

2.2 The primary aim of the Patent Office is to:

- manage an effective system for the protection of IPR as a foundation of the knowledge economy and a key element in promoting strong and competitive markets;
- stimulate innovation and enhance the international competitiveness of British industry and commerce through the promotion and awareness of these rights and by promoting the UK's interests to harmonise, modernise and simplify international IP laws.

Patent Office Objectives

2.3 Patent Office core objectives are:

- grant patents and register trade marks and designs with a good presumption of validity, based on high standards of service, which are set in consultation with users and combine quality with good value for money;
- promote and support moves to simplify the law on IP and to harmonise international rules and procedures;
- increase awareness, recognition and use of IP as a tool for enhancing innovation amongst British industry and commerce, and small and medium enterprises in particular;
- increase awareness of the potential rewards for the exploitation of research in the academic community.

2.4 The Patent Office's core objectives contribute to the achievement of the Department's objectives in the following areas:

Promoting knowledge transfer to accelerate business exploitation of science and new and existing technologies, promoting economic reform in Europe and free and fair world trade, placing empowered and protected consumers at the heart of an effective competition regime, promoting a culture in which people are willing to take the risks of starting and growing businesses.

Key target areas

- 2.5 The Patent Office's overall performance is measured against a number of key performance targets which are reviewed and set annually by the Secretary of State, in the context of agreeing the Corporate Plan, following consultation with the Chief Executive and the Steering Board.
- 2.6 The key targets of the Patent Office concentrate on service delivery, contribution to the UK's innovation and productivity agenda, financial efficiency and value for money. These targets contribute to the Department's overall performance against its Public Service Agreement (PSA) targets in the areas of productivity, science and innovation, fair competitive markets and successful enterprise and business. The Patent Office has the right to be consulted by the Department on both its own targets and any relevant PSA targets prior to Ministerial approval.
- 2.7 Targets are announced by means of a Written Ministerial Statement (WMS). Performance against these targets is reported in The Departmental Report and the Patent Office's Annual Report and Accounts. Patent Office targets and quarterly performance against them can be viewed on the Patent Office website at www.patent.gov.uk.

3. Accountability

Secretary of State 3.1 The Secretary of State for Trade and Industry determines the policy framework within which the Patent Office operates but is not involved in its day-to-day management. He/she agrees the strategic objectives and sets key financial and performance targets for the Patent Office and approves the Corporate Plan which is revised annually (see Section 5).

Responsible Minister 3.2 As appropriate, the Secretary of State may delegate to the responsible Minister approval of the Corporate Plan and agreement and monitoring of the key financial and performance targets. The Chief Executive and other members of the Senior Management Team (SMT) and the Steering Board shall meet with the responsible Minister at least once a year to set targets and monitor performance, discuss risks and other such issues as might be appropriate at the time. The Chief Executive has the right of direct access to the Minister.

Departmental Sponsorship 3.3 The main Departmental sponsor for the Patent Office is the Director Innovation, Office of Science and Innovation. The sponsor is the key link between the Patent Office and the Department ensuring that both the Department and the Patent Office have a clear understanding of each other's objectives and methods of working. The role of the sponsor is to:

- advise Ministers on the strategic direction of the Patent Office in the context of wider Departmental or cross-governmental objectives;
- agree a framework for strategic performance management;
- advise Ministers on their response to strategic performance information;
- advise the Chief Executive on steering the Patent Office's activities to ensure that they most effectively support the delivery of Departmental objectives;
- ensure that the Patent Office has the delegations and authorities necessary for effective delivery and continuous improvement;
- assist the Chief Executive to work through the implications of any recommendations emerging from landscape and end-to-end business process reviews that affect the Patent Office.

3.4 These functions are, in the main, fulfilled through the Departmental sponsor's membership of the Steering Board (see Section 4 and Annex A) on which DTI is further represented by a senior representative from the Finance and Resource Management (FRM) Directorate which has overall departmental responsibility for agency resource management and best practice issues.

The Chief Executive

3.5 The Chief Executive and Comptroller General of the Patent Office is appointed by the Secretary of State for a fixed term, normally through open competition. He/she is responsible for the day-to-day management of the Patent Office and is directly accountable to the Secretary of State/responsible Minister and the Permanent Secretary as the Principal Accounting Officer, for the efficient running, financial management, overall performance and strategic planning of the Patent Office. As Comptroller General, he/she is responsible for the administration of the statutes referred to in paragraph 2.1. He/she also advises the Secretary of State on all aspects of National Intellectual Property, related community and international legislation and on relevant policy issues.

Accounting Officers

3.6 The Chief Executive is appointed by HM Treasury as Accounting Officer for the Patent Office and his/her responsibilities in this respect, including responsibility for the propriety and regularity of the public finances for which he/she is accountable and for the keeping of proper records, are set out in the "Accounting Officers' Memorandum" issued by HM Treasury and published in Government Accounting, and in the publication "Regularity and Propriety" (HM Treasury, July 1997). The Chief Executive's financial powers are delegated to him/her by the Department's Head of Finance through a formal delegation letter as amended from time to time. The current letter is attached at Annex B.

3.7 The Permanent Secretary of the DTI is the Principal Accounting Officer and is responsible for ensuring that there is a high standard of financial management across the whole Department. As such, he/she retains the right to monitor:

- the Chief Executive's use of the resources allocated to him/her;
- compliance with legal requirements; and
- conformity with agreed departmental policies.

The Committee for Public Accounts

- 3.8 He/she will not otherwise become involved in the day-to-day management of the Patent Office.
- 3.9 The Chief Executive may be summoned to give evidence to the Committee for Public Accounts (PAC) on the discharge of those responsibilities which have been allocated to him/her. The PAC may decide to take evidence both from the Chief Executive and the Principal Accounting Officer on their respective responsibilities for the Patent Office.
- 3.10 At Select Committee hearings Ministers will normally ask the Chief Executive to represent or accompany them if the Committee is concerned with the day-to-day operations of the Patent Office.

Parliamentary Accountability

- 3.11 The Secretary of State is accountable to Parliament on all matters relating to the Patent Office. Most Patent Office work arises from its statutory responsibilities for which the Chief Executive, as Comptroller General, is answerable to the Courts as well as to Departmental Ministers and to Parliament.
- 3.12 Ministers encourage Members of Parliament (including the European Parliament) to write direct to the Chief Executive on those operational matters for which he/she is responsible, but Members are entitled to raise with Ministers any policy issues or issues arising from replies they may have received from the Chief Executive on operational matters. The Chief Executive will refer to Ministers without delay any matter on which it is proper for a Minister to provide the initial reply.
- 3.13 The Chief Executive will provide Ministers with any information needed to answer Parliamentary Questions (PQs) or deal with any other Parliamentary business. Ministers will decide the appropriate way to respond to PQs about the Patent Office and will normally ask the Chief Executive to write to a Member of Parliament (MP) who asks a question about any matter delegated to the Patent Office. Such letters from the Chief Executive will be published in Hansard.
- 3.14 The activities of the Patent Office fall within the jurisdiction of the Parliamentary Commissioner for Administration.

Devolved Administrations

- 3.15 The Patent Office will comply with the requirements of the Memorandum of Understanding and overarching Concordats between the Government and the devolved administrations (as published in Command Paper Cm 4444 and subsequent revisions).

Other Central Government Departments and Initiatives

3.16 Although not formally “matrix accountable”, the Patent Office will respond constructively to relevant initiatives from elsewhere in central Government.

Relationships with other bodies

3.17 The Patent Office works closely with other national and international Intellectual Property offices. A partnership agreement allowing the contracting out of some UK search and examination work to the Danish Patent and Trade Mark Office (DKPTO) came into effect from 1 April 2003. Links are maintained with a range of national and regional agencies covering areas such as enforcement, technology transfer, academia and business in order to help customers gain full value from the IP system.

Customers

3.18 The Patent Office has a responsibility to all its customers and will endeavour to provide them with high quality services which represent value for money and are courteously and efficiently delivered. The Patent Office applies the principles of public service originally set out in the White Paper “The Citizen’s Charter”, Cm 1599, July 1991 (and developed further under the Service First Initiative) and its own published Charter Standard Statement. Complaints will be handled in accordance with the Patent Office’s published procedures which are accessible to all users. Both the Patent Office Charter document and complaint procedures can be viewed on the Patent Office website at www.patent.gov.uk and can also be obtained from the Office’s Enquiry Unit at:

The Central Enquiry Unit
The Patent Office
Room 1L02
Concept House
Cardiff Road
Newport
NP10 8QQ

Tel: 08459 500 505 (National callers)

Tel: 08459 222 250 (Minicom number for customers with hearing difficulties)

Fax: 01633 813600

E-mail: enquiries@patent.gov.uk

3.19 The Patent Office was previously subject to five-yearly, independent reviews of its status, operations and performance. The last quinquennial review of the Patent Office took place in 2000/2001. The final report is available on the Patent Office website (www.patent.gov.uk).

3.20 As recommended in the Agency Policy Review which reported in July 2002, quinquennial reviews of individual organisations have been replaced by end-to-end reviews of the effectiveness of the business processes involved in achieving specific departmental outcomes. Review of the Patent Office's own high-level objectives, structures and processes will therefore be integrated into these wider ranging departmental reviews.

4. The Steering Board

4.1 Membership of the Patent Office Steering Board is made up of:

- five independent members appointed for their relevant experience from industry and commerce and to provide an external perspective and challenge. (An additional member may be appointed to provide necessary specialist skills, if required.) Members are appointed in line with best practice guidance issued by the Office for the Commissioner for Public Appointments;
- a senior representative of the Department's FRM Directorate.
- the Director General, or his designated Deputy with responsibility for the Patent Office within the Department and;
- the Chief Executive of the Patent Office.

4.2 The Board normally meets four times a year.

4.3 The Steering Board has no executive functions. Its role is to advise Ministers, through the responsible Director General, on the strategies to be adopted by the Patent Office as set out in its Corporate Plan, the targets to be set for quality of service and financial performance (and monitoring and advising on performance against these) and the resources needed to meet those targets. The Board also provides advice and guidance from a commercial standpoint on the Office's performance, operation and development including its management of risk.

4.4 The Terms of Reference for the Steering Board are attached at Annex A.

5. Corporate Planning and Performance Targets

Corporate Plan 5.1 The Chief Executive is required to prepare a Corporate Plan which is reviewed by the Office's Steering Board before being sent for approval by the responsible Minister and the Secretary of State. This sets out the Patent Office's programme of work and priorities during the succeeding five years, including specific objectives and milestones contributing to the achievement of its core objectives. It provides the focus for the Patent Office's strategic planning on finance, marketing, risk, business development, personnel, resources, information and management systems. The Department will assist the Patent Office in its planning process by providing information about likely policy developments or other changes that could impact on the Patent Office. The annual planning cycle begins with the Steering Board meeting held in July of each year with the Corporate Plan being presented to the Minister in March of the following year.

Reporting 5.2 The Chief Executive is required to produce an Annual Report and Accounts each year. These should be produced as a single document and be prepared in accordance with the Cabinet Office guidance "Next Steps Agencies, Trading Funds and Non-Departmental Public Bodies - Guidance on Annual Reports", and HM Treasury's annual Trading Fund Accounts Guidance.

5.3 The Annual Report and Accounts contains:

- details of performance against targets for the year;
- details of progress towards the Corporate Plan objectives;
- a summary of the Office's activities during the year;
- a forward look for the coming year; and
- financial information.

5.4 Both the Corporate Plan and Annual Report and Accounts can be found on the Patent Office's website at www.patent.gov.uk.

5.5 The Chief Executive is responsible for commissioning internal audit services required to ensure proper conduct of the Patent Office's affairs and to allow him/her to discharge his/her responsibilities as Accounting Officer. Internal audit will be carried out in accordance with the objectives and Standards laid down in the Government Internal Audit Manual.

Internal Control and Risk Management

- 5.6 The Chief Executive is required to develop and maintain a sound system of internal control that supports the achievement of the Patent Office's policies, aims and objectives. Included are procedures for identifying and prioritising the principal risks faced by the Office as a whole – these involve the maintenance of risk registers, their monitoring and review.
- 5.7 The Audit Committee is a sub-committee of the Steering Board established to advise the Accounting Officer on risk management and internal control. Included are procedures for identifying, prioritising and managing the principal risks facing the Patent Office as a whole, including drawing up and maintaining comprehensive risk registers. These are reviewed by the Audit Committee with a report to the Steering Board. The Audit Committee is chaired by an independent member of the Steering Board. Its Terms of Reference are at Annex C.

6. Financial Framework

Trading Fund Status

- 6.1 The Patent Office operates as a Trading Fund under the powers established in the Government Trading Funds Act 1973, as amended by the Government Trading Act 1990.
- 6.2 The Patent Office has a statutory duty to break even taking one year with another. In addition, the Secretary of State for Trade and Industry, with HM Treasury concurrence, sets the Patent Office a financial objective of making a return on capital employed (6% until 31st March 2004 and a 4% average return over the five year period 2004/05 to 2008/09).
- 6.3 As a Trading Fund, the Patent Office is off-vote. Its transactions with the Department are largely restricted to the payment of an annual dividend (the level of which is agreed each year with the Department) taking account of the financial objective and repayment of principal and interest on loans as set down in pre-agreed schedules.
- 6.4 The Patent Office shall provide such information on its financial position as the Department shall from time to time request.
- 6.5 The Patent Office reports its financial performance against its voted provisions to the Department's FRM Directorate as and when requested to do so.

Commercial Policy

- 6.6 The Patent Office obtains income almost entirely from activities where a fee is payable in accordance with statute. As required by HM Treasury, the overall level of income received from fees and charges is intended to cover the full costs of the services being provided. These costs are specified by applicable Orders under section 102 of the Finance (No 2) Act 1987. Fees and charges are calculated in accordance with the Treasury Fees and Charges Guide. The Patent Office seeks approval by HM Treasury and Parliament as necessary for changes to fees and charges.
- 6.7 The Patent Office currently provides commercial services through its Search and Advisory Service and has the ability to develop commercial services in accordance with HM Treasury guidance on selling services to the wider market.

7. Accounts and Audit

- Accounts**
- 7.1 The Chief Executive, as the Accounting Officer, shall produce and sign audited annual accounts (also see paragraphs 5.2 – 5.4). As a Trading Fund the Patent Office prepares accounts in accordance with HM Treasury’s Accounts Direction to Trading Funds, which is issued annually. It requires the Patent Office to prepare accounts in compliance with the accounting principles and disclosure requirements of The HM Treasury Publication “Trading Funds – Accounts Guidance”.
- 7.2 The annual accounts are subject to external audit by the Comptroller and Auditor General who is required to give an audit opinion as part of his/her Certificate and Report to the Houses of Parliament on the Patent Office.
- Audit**
- 7.3 The audited Annual Report and Accounts shall be laid before both Houses of Parliament, by the Comptroller and Auditor General, before the start of the summer recess after the financial year end.
- 7.4 The Department’s Internal Audit Service has a right of access to the Patent Office, after consultation with the Chief Executive and the Chair of the Audit Committee, to perform any work necessary to provide independent assurance to the Principal Accounting Officer as to the quality and integrity of the Patent Office’s internal audit process. The cost of such examinations is borne by the Department.

8. Management of Resources

Staff - Conditions of Service

8.1 Patent Office staff are civil servants within the DTI and are employed subject to the Civil Service Management Code and in accordance with rules and guidance issued by the Cabinet Office, the Office of the Civil Service Commissioners and HM Treasury covering the Civil Service as a whole. The Patent Office complies with relevant national or departmental agreements affecting the terms and conditions on which staff are employed, except where local arrangements apply. For example, the Patent Office and the Patent Office Trade Union Side may seek to modify departmental agreements to reflect Agency needs and conditions.

Personnel Policies and Procedures

8.2 The Chief Executive determines the management structure and organisation of the Patent Office including staffing levels. He/she has responsibility for all aspects of human resource management of Patent Office staff (excluding members of the Senior Civil Service) subject to HM Treasury and Cabinet Office rules. Personnel functions delegated to the Chief Executive are set out in Annex D.

8.3 Patent Office staff are eligible to apply for advertised posts elsewhere in the Department, other Agencies and Civil Service, and similarly certain advertised posts occurring within the Patent Office are open to application from suitably qualified staff from other parts of the Department, Agencies and Civil Service.

8.4 The Chief Executive is responsible for establishing a training and development strategy to ensure that staff acquire and maintain the skills and competencies needed to realise their potential, to carry out operations efficiently and to achieve published standards of service.

8.5 The Patent Office is an equal opportunities employer and is committed to policies on valuing diversity, health and safety and staff welfare consistent with those of the Department.

8.6 Good staff relations are essential to the success of the Patent Office and the Chief Executive is responsible for ensuring that staff and their trade union representatives are kept informed about matters which affect their terms and conditions of employment.

Senior Civil Service

- 8.7 Members of the Senior Civil Service within the Patent Office will have the status, pay and other conditions of service which are common to the Senior Civil Service. Issues affecting posts within the Senior Civil Service must be approved by the Permanent Secretary. The specialist staff, for whom the Patent Office assumed responsibility from 1 April 1996, include grades equivalent to those which fall within the Senior Civil Service. Staff in these grades are not members of the Senior Civil Service but form a separate but analogous professional group whose pay and conditions are established on the same terms as those for members of the Senior Civil Service.
- 8.8 Full details of the Patent Office's policies and procedures developed in accordance with these delegations can be obtained from:

Personnel & Pay Services
The Patent Office
Room 3Y16
Concept House
Cardiff Road
Newport
South Wales
NP10 8QQ

Tel: 01633 813624
Fax: 01633 814791

9. Other Delegated Responsibilities of the Chief Executive

9.1 The Patent Office acquires all necessary support services on the basis of best value for money, including considerations of quality, timeliness and risk, as well as cost. The Patent Office will keep the value for money achieved from its support services under review. In particular, it will decide on new, or renewed, services or contracts after consulting with appropriate DTI central services providers and considering how common DTI services may meet Patent Office business needs and deliver value for money. The Chief Executive has delegated authority for:

- the development, operation and procurement of information technology systems. As part of this the Patent Office will abide by the agreement with the Department on information sharing on e-services development;
- compliance with the provisions of the Data Protection Act 1998 and the Freedom of Information Act 2000 in respect of all the relevant data held by the Patent Office;
- consultation with staff and Trade Unions as part of ensuring good staff relations. The Patent Office will continue to operate in accordance with the Whitley arrangements, and the Chief Executive will chair an Agency Whitley Committee. Issues not resolved may be pursued within the usual procedure through the Departmental Whitley Council;
- compliance with the requirements of the Public Records Acts 1958 and 1967 in respect of records management by the Patent Office;
- management of Patent Office occupied buildings;
- health, safety, security, fire, welfare, environment and first aid matters including the discharge of duties under the Health and Safety at Work Act 1974, all fire associated regulations and any Notices issued by the Health and Safety Executive;
- procurement issues for the Patent Office relating to both goods and services on the basis of obtaining the best overall value for money. Except as otherwise agreed, individual services may be provided in-house, commissioned from the Department or another Agency on a repayment basis, or contracted out;
- establishment of a comprehensive risk management plan.

10. Review and Amendment of Framework Document

Review 10.1 This Framework Document is effective from April 2004. It will be informally reviewed on an annual basis and fully reviewed by the Department and the Patent Office, in consultation with HM Treasury and Cabinet Office, no sooner than April 2007.

Amendments 10.2 The Secretary of State and the Chief Executive may agree at any time to amend the Framework Document, following consultation with the Departmental Trade Union Side and with the agreement of HM Treasury and the Cabinet Office as necessary. Minor updates that do not require such formal approval will, however, be made by the Patent Office as the need arises.

Publication 10.3 Copies of the Framework Document and of any subsequent revisions will be placed in the libraries of both Houses of Parliament.

10.4 Additional copies of this Framework Document can be obtained from the Patent Office or from DTI as follows:-

The Patent Office

Room 3R09
Concept House
Cardiff Road
Newport
South Wales
NP10 8QQ

Tel: 01633 813508

Fax: 01633 814509

Department of Trade and Industry

FRM
Agency Sponsor Unit
1 Victoria Street
London
SW1H 0ET

Tel: 0207 215 6813

Fax: 0207 215 5760

10.5 An electronic version is available from the Patent Office website www.patent.gov.uk

Terms of Reference The Steering Board has no executive functions. Its role is to advise Ministers, through the responsible Director General, on the strategies to be adopted by the Patent Office as set out in its Corporate Plan, the targets to be set for quality of service and financial performance (and monitoring and advising on performance against these) and the resources needed to meet those targets. The Board also provides advice and guidance from a commercial standpoint on the Office's performance, operation and development including its management of risk.

Membership The Steering Board will comprise the Chairman, currently an Independent Board member, senior representatives of the DTI, including FRM, the Chief Executive and four additional Independent Board Members.

Details of all members and attendees are shown in Appendix A. Details of all administrative matters relating to Steering Board membership are shown in Appendix B.

- Meetings and Quorum**
- The Steering Board is quorate when at least half the total number of members are present, three of which must be Independent Board Members. At current levels, quorum is four members.
 - If the Chief Executive or DTI representative is unavailable then attempts will be made to reschedule the meeting. If this is not possible, then an appropriate deputy will be designated for that meeting.
 - The Steering Board may occasionally and with prior notice ask any or all of those who normally attend, but who are not members, to withdraw to facilitate discussion of particular matters.
 - Patent Office Directors will normally attend all Steering Board meetings.
 - Other senior staff attend meetings by invitation.

- Sub Committees**
- The Audit Committee is a sub-committee of the Steering Board and is chaired by an Independent Board Member. All meetings are minuted and minutes are circulated to members of the Steering Board.
 - If it is deemed necessary to organise other sub-committees then these will also be chaired by an Independent Board Member and all minutes of these meetings will be circulated to Steering Board members.

Frequency of Attendance and Location of Meetings

- The Steering Board meets four times a year and these meetings will usually take place in Newport. An awayday will also be held once a year.
- Independent Board Members may also be asked to participate in occasional senior interview boards and seminars.
- If the extra responsibility of membership of the Audit Committee is taken on, this will involve attending additional meetings. At present the Audit Committee meets at least four times a year but the Chair of the Audit Committee may also convene additional meetings, as he deems necessary.

Independent Members Term of Office

- 3 years initially, which can be extended, subject to a satisfactory assessment of performance to a maximum of ten years.

Access

- All Independent Board Members will have access to the Chief Executive and members of the Patent Office Board as necessary.
- In certain circumstances, it may be necessary for the Steering Board to seek external advice. For this and other reasons, the Steering Board, through the Chair, should have access to the relevant Minister via the Director General.

Recruitment

- Recruitment of additional or replacement Independent Board Members will be discussed by the Steering Board as necessary. Details of the recruitment process is shown in Appendix C.

Review Process

- All Independent Board Members will have individual annual performance appraisal reviews with the Chief Executive.

Responsibilities

The Steering Board will provide the Chief Executive with:

- Advice on the strategic direction and context for overall targets within the framework of the DTI's overall objectives, wider Government objectives and service to business.
- Strategic challenge on the Corporate Plan.

- Advice on and monitoring of performance including the drafting of Ministerial targets, particularly in ensuring fit with departmental and wider government aims and performance against them, as well as providing an independent assessment of the targets and processes.
- Comments on the extent to which the Office carries out its functions efficiently and effectively in accordance with the Framework Document, the Corporate Plan and the targets set for it.
- Comments on the performance of the Agency as a whole and of key staff.
- Comments on any other matters relating to the Office which the Chair may wish to provide, including finance and resources, any investment and development proposals and the relationship with the European Patent Organisation.

The Steering Board will also:

- Conduct an annual review of its own effectiveness.
- Review its Terms of Reference annually.

Chair	David Richards Appointed Re-appointed End of Term	Independent Board Member 6 February 2001 6 February 2004 5 February 2010
Other Members	(Vacant)	Director Innovation, Office of Science and Innovation or the designated deputy.
	Peter Mason	Director of Finance, Policy and Support, FRM1
	Richard Abnett Appointed Re-appointed End of Term	Independent Board Member 15 April 2000 15 April 2003 14 April 2007
	Kathryn Bishop Appointed Re-appointed End of Term	Independent Board Member 15 July 2000 15 July 2003 14 July 2009
	Mary Champion Appointed End of Term	Independent Board Member 1 September 2004 31 August 2007
	Geoffrey Drage Appointed Re-appointed End of Term	Independent Board Member 15 July 2000 15 July 2003 14 July 2008
	Ron Marchant	Chief Executive
Other Attendees	Sean Dennehey Liz Coleman Robin Webb Kevin Woodrow Louise Smyth Mark Pacey Alison Reed	Director, Patents Director, Intellectual Property & Innovation Director, Trade Marks & Designs Director, Finance Director, Human Resources and Corporate Administrative Support Director, Information and Communication Patent Office, Head of Secretariat (Secretary)

- Remuneration**
- Remuneration for Independent Board Members is £4,950 per annum. The post is classed as an “Office Holder” for tax and National Insurance purposes and as such, under Section 19(1) Income and Corporation Taxes Act 1988, the fee is liable to tax under Schedule E and attracts Class 1 National Insurance liability. The Patent Office will also meet reasonable travel costs on production of receipts.

- Recruitment and Induction**
- Members joining the Steering Board are invited to spend an induction day in Newport.
 - Once appointed, Independent Board Members will be offered a familiarisation and induction visit and any training deemed necessary.
 - Details of the recruitment process for Independent Board Members is given in Appendix C.

- Administrative Support and Reporting**
- The Steering Board will be provided with administrative support by the Patent Office Secretariat.
 - Each Steering Board meeting will be minuted. The Patent Office Secretariat will produce minutes and circulate them to Steering Board Members for comment within ten working days of each meeting.

Information requirements The Agenda and any supporting papers will be produced and circulated to Steering Board members and attendees at least seven working days before each meeting.

The Steering Board will be provided with papers, including but not restricted to:

For each meeting:

- Executive Board Report
- Policy Report
- Financial Report
- Information Systems Update
- Rolling Programme
- Progress against current Corporate Plan, agency targets and customer service standards

As appropriate

- Forthcoming Corporate Plan
- Risk Register
- Audit Committee update
- Steering Board Terms of Reference
- Framework Document

- The particular skills and competencies required will be discussed by the Steering Board. All applications will be made through open competition.
- Independent Board Members will be asked to supply names of potential candidates to be considered.
- All vacancies will be advertised for a minimum of one month on the Public Appointments Unit web and by any other methods deemed necessary.
- Initial consideration of all applications will be undertaken by the Chair (if appropriate), the Chief Executive and the Director of Human Resources and Corporate Administrative Support.
- If the Chair's position is being advertised then the Deputy Director General will be asked to participate on the panel.
- Applicants who meet the requirements will be invited to interview.
- Interviews will be conducted by the Chair (or Deputy Director General) and Chief Executive.
- Once a decision on appointment has been made then the Chief Executive will write to the Director General formally proposing appointment of the successful candidate.
- The Director General will endorse the candidate chosen and a letter offering appointment will be made.
- Cabinet Office to be informed once an Independent Board Member is appointed.

To:
Ron Marchant
Chief Executive
The Patent Office

From:

Adam Jackson
Director, Finance and Resource
Management
UG 127
1 Victoria Street

Tel: 215 6847
Fax: 215 6760

02 February 2006

Sir Brian Bender
David Hughes
Peter Mason FRM1
Stephen Senior FRM3
Anne Charlton MSO/IG
Nicola Mitchell FRM1
Joe Roler FRM3

APPOINTMENT AS BUDGET HOLDER AND DELEGATION OF FINANCIAL AUTHORITY

As Director, Finance and Resource Management, I am authorised by the Director General of Services Group to delegate the Department's financial powers as appropriate to other Heads of Management Units.

2. Accordingly, this minute appoints you in your capacity as Chief Executive of the Patent Office as the budget holder for the Patent Office with effect from 1 January 2004. This minute also gives you delegated authority to commit and certify expenditure and to authorise payments, and to accept receipts, against any provision identified in the Department's Expenditure Plans as applying to the Patent Office, or against any budgets or budget allocations that may be allocated to your control. This authority is subject to the terms of HM Treasury's delegated authority to the Department, and to the observance of any relevant requirements in Government Accounting, the Departmental Resource Accounting Manual, the DTI Finance Handbook, DTI Accounting Memoranda, scheme guidelines and other instructions issued from time to time. The powers delegated to the Department by the Treasury are attached at Annex A.¹

3. I also delegate to you authority to write off losses, make special payments and waive claims up to the limits of such delegations from the Treasury set out in Annex A.

Contingent Liabilities

4. The minute does not confer any authority to incur contingent liabilities. These are liabilities which may arise if a particular set of circumstances occur and include guarantees and indemnities. FRM should be consulted on any proposal to issue a guarantee or indemnity or on anything else which might put the Department's funds at risk, and thus involve a contingent liability.

Consultation with FRM

5. If you wish to exercise, or to seek from the Treasury, powers beyond those delegated by this minute, you should consult the Director of FRM. You should also consult the Director of FRM before authorising any expenditure or payments which may raise issues of propriety, regularity or prudent and economical administration, or which are novel or contentious.

6. The Treasury have revised the rules covering the use by Departments, agencies and Trading Funds of commercial insurance. There is no longer a need to obtain Treasury approval to enter to commercial insurance contracts. However the cost effectiveness and value for money criteria still apply. Under these rules it is your responsibility as Accounting Officer to justify the use of commercial insurance. The Treasury require Departments, agencies and Trading Funds to inform them of decisions to use the services of commercial insurance companies (contact is John Salvador in the expenditure team covering the DTI) and such notifications should be copied to FRM.

Sub-delegation of powers

7. You are authorised to sub-delegate this authority to your staff as you consider necessary for the efficient management of the expenditure and receipts for which you are responsible. This should be done in writing and personally and signed in pen.

8. This delegation remains in force until further notice or until you cease to be Chief Executive of the Patent Office. Any amendment will be notified in writing. It does not affect your accountability to the Departmental Accounting Officer which remains as set out in the letter from the Treasury appointing you as the Agency Accounting Officer and the Accounting Officer Memorandum enclosed with the letter. If you have any queries regarding your authority and powers to delegate these onward please contact Nicola Mitchell in FRM1 on 0207-215-6463

ADAM JACKSON

¹ The Annex A has not been included in this Framework Document, as it is not deemed necessary.

To :Ron Marchant
Chief Executive
Patent Office

ci David Hughes
John Rhodes IG
Peter Mason FRM1
Jacqui Entwistle FRM1
Joe Roler FRM3

From : David Evans
Director
FRM
R. 379
1 Victoria Street
Tel: 020-7215-6869

17 February 2004

DELEGATION OF FREEDOM TO PURCHASE COMMERCIAL INSURANCE

As you may recall from a DAO letter in October last year HM Treasury has revised Chapter 30 of Government Accounting which covers insurance arrangements and has made one significant change in relation to the delegated authority to purchase commercial insurance. Under the previous rules departments and agencies had to seek Treasury authority before taking out commercial insurance. This has now changed and the decision whether to use commercial insurance rests with individual Accounting Officers, although the Treasury should be informed of such decisions. This change was notified to Accounting Officers in DAO(GEN) 14/03 which also asked departments to review their agencies and NDPB delegations in this respect.

I am therefore writing formally to delegate to you the authority to purchase commercial insurance. The criteria for deciding whether to purchase commercial insurance remains unchanged and the general presumption continues to be that Government carries its own risks. In deciding whether to take out commercial insurance you should therefore be satisfied that it is cost effective and represents value for money before purchase. The new Chapter 30 in Government Accounting provides details of the considerations to be taken into account in taking such decisions. You, as the Accounting Officer for the Patent Office, will be personally responsible for justifying such decisions.

As mentioned above the new rules require agencies and trading funds to notify the Treasury of all decisions to use the services of commercial insurance companies. Such notifications should be sent to John Salvador in the DTI Expenditure Team at John.Salvador@hm-treasury.gsi.gov.uk and copied to Jacqui Entwistle in FRM1.

If you have any questions regarding this change please contact Jacqui Entwistle or Ray Sharvell in FRM1.

DAVID EVANS

The Patent Office Steering Board has established an Audit Committee to assist and advise it, and the Accounting Officer, on risk, control, governance and associated issues. The Committee acts in a non-executive capacity.

Membership The Committee will comprise a Chairman and not less than two other members, all of whom are independent members of the Steering Board.

The Audit Committee will be provided with a secretarial function by the Audit Committee Secretariat

Details of all members and attendees are shown in Appendix A.

- Meetings and Quorum**
- The Audit Committee will meet at least four times a year. The Chair of the Audit Committee may convene additional meetings, as he deems necessary.
 - A minimum of 2 members of the Audit Committee will be present for the meeting to be deemed quorate.
 - Audit Committee meetings will normally be attended by the Accounting Officer, the Finance Director, and representatives from NAO, Internal Audit, and External Audit.
 - FRM are able to attend meetings but are not formal members of the Audit Committee. Copies of papers for all meetings will continue to be sent to FRM.
 - The Audit Committee may ask any other officials of the Patent Office or Government Departments to attend to assist it with its discussions on any particular matter.
 - The Audit Committee may occasionally and with prior notice ask any or all of those who normally attend but who are not members to withdraw to facilitate discussion of particular matters or for the committee to assemble its advice to the Steering Board
 - The Accounting Officer may ask the Audit Committee's advice on particular issues either by correspondence or by convening further meetings.

- Access**
- NAO, Internal Audit and External Audit will have free and confidential access to the Chair of the Audit Committee.
 - The Chair of the Audit Committee will hold annual bilateral meetings with the Accounting Officer, Director of Finance and representatives from Internal and External Audit.

- Reporting**
- Each Audit Committee meeting will be minuted. The Audit Committee Secretariat will produce minutes and circulate them for comment within 10 working days of each meeting. Agreed minutes will then be circulated to the Steering Board.

- Responsibilities**
- The Audit Committee will advise the Accounting Officer on
- the strategic processes for risk, control and governance and the Statement on Internal Control
 - the accounting policies, the accounts, and the annual report of the Patent Office, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors
 - the planned activity and results of both internal and external audit
 - adequacy of management response to issues identified by audit activity, including external audit's management letter
 - assurances relating to the corporate governance requirements for the organisation
 - proposals for tendering for either Internal or External Audit services or for purchase of non-audit services from contractors who provide audit services (where appropriate)

The Audit Committee will also:

- conduct an annual review of its own effectiveness
- conduct an annual review of the Terms of Reference and circulate any revised terms to the Steering Board for approval

- Information requirements**
- The Agenda and any supporting papers will be produced and circulated to Audit Committee members and attendees at least 7 working days before each meeting.

The Audit Committee will be provided with:

- For each meeting:**
- A report summarising any changes to the Patent Office's Strategic Risk Register
 - An update on key or strategic risks and contingent liabilities
 - A report on high profile events, with associated risks, occurring since the previous Audit Committee meeting and how they have been handled
 - A progress report from Internal Audit summarising:
 - work performed (and a comparison with work planned)
 - key issues emerging from Internal Audit work
 - management response to audit recommendations
 - changes to the Internal Audit Plan
 - any resourcing issues affecting the delivery of Internal Audit objectives
 - A progress report from External Audit summarising work done and emerging findings.
- As appropriate**
- Proposals for the Terms of Reference of Internal Audit
 - Internal Audit Strategy and annual budget
 - Head of Internal Audit's Annual Opinion and Report
 - Copies of all Internal Audit Reports and Management Letters issued
 - Quality Assurance reports on the internal audit function
 - Draft accounts of the Patent Office
 - Draft Statement on Internal Control
 - Report on any changes to accounting policies
 - External Audit's management letter

- Report on any proposals to tender for audit functions
- Report on co-operation between Internal and External Audit
- Copies of all Internal Audit reports

Chair	Geoffrey Drage	Independent Board Member
	Appointed	15 July 2000
	Re-appointed	15 July 2003
	End of Contract	14 July 2008
Other Members	David Richards	Independent Board Member
	Appointed	6 February 2001
	Re-appointed	6 February 2004
	End of Contract	5 February 2010
	Mary Champion	Independent Board Member
	Appointed	1 September 2004
	End of Contract	31 August 2007
Obligatory Attendees	Ron Marchant Kevin Woodrow	Chief Executive; Accounting Officer Director of Finance
By invitation	Sean Dennehey	Patent Office
	Louise Smyth	Patent Office
	Liz Coleman	Patent Office
	Robin Webb	Patent Office
	Mark Pacey	Patent Office
	Phil Drye	Internal Audit, DTI
	Bill King	Internal Audit, DTI
	Helen Dixon	National Audit Office
	Gilbert Lloyd	External Audit
	Catherine Griffiths	External Audit
	Kath Gibbs (Secretary)	Patent Office

- Personnel management of Patent Office staff up to and including Span D1 and Patent Office Senior Civil Service analogue grades;
- Recruitment and starting pay;
- Limited period and casual appointments;
- Promotion arrangements;
- Pay;
- Grading;
- Staff appraisal procedures;
- Conduct;
- Discipline;
- Unsatisfactory performance and attendance;
- Dismissal;
- Appeals;
- Re-deployment of staff within and between departments;
- Holidays, hours of work and attendance;
- Creation of posts at grades up to and including Span D1 and Patent Office Senior Service analogue grades in accordance with the Office's guidance on its approved grading structure;
- Equal opportunities;
- Training and development;
- Travel and Subsistence expenses;
- Third party claims.

Glossary

DTI	Department of Trade and Industry
EPC	European Patent Convention
EPO	European Patent Office
FRM	Finance and Resource Management
HM Treasury	Her Majesty's Treasury
IG	Innovation Group
IP	Intellectual Property
MP	Member of Parliament
NAO	National Audit Office
PAC	Public Accounts Committee
PCT	Patent Co-operation Treaty
PQ	Parliamentary Question
SMT	Senior Management Team
WMS	Written Ministerial Statement
PSA	Public Service Agreement
DKPTO	Danish Patent and Trademark Office
CTM	Community Trade Mark
IPR	Intellectual Property Rights

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www.patent.gov.uk
www.intellectual-property.gov.uk

For copies in alternative formats,
please contact our Central Enquiry Unit.

Revised: October 06



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