



The Insolvency  
Service

# The Insolvency Service Annual Plan 2015-16



INVESTOR IN PEOPLE

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# Chief Executive's Foreword



I am honoured to have joined the Insolvency Service in February 2015. Since then, I have been impressed with the knowledge and professionalism of our people, and their passion for the work that they do. The agency is currently celebrating its work and achievements throughout 25 years as a departmental agency, a testament to the skill and dedication of the people who have worked here throughout that time. As Chief Executive, my aim is to create the innovative, supportive environment that will enable us to build on that legacy.

2015-16 will be an important year, with a number of key objectives which will be critical to our future success. This includes achieving financial break-even within our fee-funded operations by the end of the year, which the agency has already taken great strides towards. Alongside this, we will further develop our digital services, making use of experience gained in the Insolvency Service's Digital Exemplar project to provide online redundancy payments. The digital offerings under development include a new Adjudicator's office, operated by the Insolvency Service, which will assume responsibility for administering applications from people who need the debt relief of bankruptcy.

This plan for 2015-16 completes one period of considerable change, and looks to a future where it will continue to evolve to meet new challenges.

We will continue to improve our understanding of our customers' needs, delivering well-targeted, value for money services and information. And we will seek opportunities for our people to develop their skills and careers, building their confidence and pride in working for the Insolvency Service.

This document sets out the steps we will be taking to achieve our commitments for 2015-16 and to build a robust platform for our future. I look forward to working with my colleagues, stakeholders and customers to achieve that.

# 1. Our Story

We are the Government agency that provides public services to those affected by financial distress or failure.

We play a vital part in promoting long-term economic growth by dealing with financial failure and by giving confidence to lenders. Our goal is a fair and open insolvency system that works well, and a marketplace that is fair for businesses and individuals.

We work across boundaries within government and collaborate with our partners in the insolvency sector.

- our official receivers deal with personal debts and insolvent businesses – realising and distributing assets, helping people back on their feet financially, and carrying out investigations to support the integrity of the insolvency system
- our investigators scrutinise director and corporate behaviour, investigating and disqualifying those who abuse the system – protecting the economy to the tune of £100,000 for every disqualified director
- our Redundancy Payments Service ensures people receive redundancy pay and other statutory entitlements when a company fails – protecting people at a time when they may be at their most financially vulnerable

We maintain the standards that help to make Britain one of the best places in the world to do business. We are proud to provide an insolvency regime which is highly regarded globally. We authorise and regulate the insolvency profession. We deliver insolvency services, often when there is no private sector practitioner. Where legislation needs improving, we advise on the changes required.

Treating each of our customers as an individual and with respect is at the heart of what we do. We balance our efforts in protecting creditors and the public from misconduct and scams, with providing help to individuals and companies going through financial failure – providing a proper way out. We continuously improve our services, and are moving more services online so people can connect with us better.

Our people have a unique blend of talent and exceptional skills. We draw upon a wide range of expertise across the agency, and intelligence from a variety of sources. As unbiased professional experts we also have excellent connections with wider government, the legal profession and other stakeholders.

Together as the Insolvency Service, we provide leadership across the insolvency sector and deliver integrated, valuable services where they are needed.

# 2. Delivery Framework

## 2.1 Strategic Delivery

The Insolvency Service’s aims are to develop the legal and regulatory framework that enables the modern insolvency sector, administering the associated public services and dealing effectively with misconduct. Different elements support the delivery of these strategic objectives.

### Customers

We meet the changing needs of a wide range of customers affected by insolvency or with an interest in the sector: Ministers; people who are made bankrupt; those seeking redundancy payments; the insolvency practitioners who supervise insolvency proceedings; and many others.

### People

We want to continue to build a confident, professional and high-performing workforce, with clear expectations of the required behaviours and performance needed. We want employees to be highly engaged in delivering for customers, to feel proud to work for us. They will be invested in to develop skills, feel that innovation and employee voice is encouraged, and success celebrated.

### Processes and Continuous Improvement

We continue to modernise our processes, using continuous improvement methodology to drive incremental efficiency internally and to deliver a digital service for customers; to offer value for money.

The following sections set out our objectives and targets over the next year, for each of the elements in turn.

## 2.2 Assumptions

Our planning relies on the following key assumptions:

- Insolvency case numbers will range between 18,200 and 20,800 for 2015-16 (debtor and creditor bankruptcy petitions, and compulsory liquidations).
- Central government funding for our activities will remain at current levels.



Our **strategic objectives** are achieved by our **people** who use our **processes and resources** to deliver for our **customers**.

## 3. Customers

### 3.1 Objectives

In 2015-16 we will continue to build our external focus, improving our engagement with customers and stakeholders at all levels through:

- A programme of two-way communication – comprising consultative fora, further newsletters and use of social media, and continued refinement of our communications products, support material and our presence on gov.uk.
- Finalising a new methodology for measuring customer satisfaction – covering contact, process and quality for each of our customer groups, and directly leading to service improvement.
- Building our understanding of customers, intermediaries and delivery partners – through joint working, structured research and iterative user testing to support the design and development of our Digital services.
- A focus on writing for our customers, using insight to improve the skills of our employees.
- Increasing the confidence that key stakeholders have in the effectiveness of our enforcement regime.

Our policy teams will provide advice to Ministers and other government departments on a wide range of national and international insolvency issues, and its work programme will be primarily set by the new government in May. Objectives for 2015-16 include:

- Debtor petition reform will remove debtor bankruptcy cases from the court process and introduce an adjudicator, reducing the cost and time of the bankruptcy process.
- The modernisation of the insolvency rules will consolidate over two decades of amendments and will incorporate a number of efficiency measures from the Red Tape Challenge.
- The implementation of major reforms to insolvency processes, the disqualification of directors and regulation of insolvency practitioners following the passage of the Small Business, Enterprise and Employment Act 2015 and the Deregulation Act 2015.

In our role as oversight regulator for the insolvency profession, we will be looking to expand our transparency agenda, with publicity being given to regulatory sanctions against Insolvency Practitioners. In 2015-16, it is expected that new powers will be introduced which will enhance the role of the Insolvency Service as oversight regulator, including the power to take direct action against Insolvency Practitioners where it is in the public interest. Guidance on the use of these new powers will be agreed with regulators.

## 3.2 Targets

- Stakeholder confidence in the effectiveness of our enforcement actions:
  - Target for 2015-16: 73%. <sup>1</sup>
- Customer satisfaction is sustained in upper quartile of comparable public bodies:
  - Target for 2015-16: 90%. <sup>1</sup>
- Complaints answered substantively within 10 working days:
  - Target for 2015-16: 75%. <sup>2</sup>
- Complaints answered substantively within 20 working days:
  - Target for 2015-16: 90%. <sup>3</sup>

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<sup>1</sup> Published Target – see section 6

<sup>2</sup> For less complex complaints

<sup>3</sup> For more complex complaints or those relating to multiple aspects

# 4. People

## 4.1 Objectives

Our ambition is to build confidence, pride and engagement across the agency, and to see this reflected in a step change in People Survey scores. Our people are committed to the work that they do and understand how valuable it is to society. We will celebrate their achievements throughout 2015, which is the 25<sup>th</sup> anniversary of our foundation as an Executive Agency. By March 2016, we aim to see a further increase in engagement scores across all business areas.

Last year we invested in a Management Development Programme for our people managers, to increase their confidence in leading people. We will increasingly hold our leaders accountable for motivating, engaging and fostering an inclusive and empowering environment for their people. To support this, we will invest in quarterly leadership events for our senior leaders to keep them informed and involved, launch the new civil service 'Leadership Statement', and introduce improved communications and opportunities for interaction with our middle managers. We will continue to identify opportunities for loans, secondments and placements with stakeholders, to develop experience and knowledge transfer. We will also encourage employees to develop their career further through the launch of the operational delivery career tracker and development programme.

We will continue to build trust and increase the voice of our employees within the organisation. We will do this by widening our use of continuous improvement methodology, which enables those who use our processes to redesign them. We will continue to reduce the hierarchy and gradism in the organisation, tackling bullying and harassment as a priority and providing forums in which employees feel safe to speak out. We will build on the launch of our new intranet and the 'our story' narrative to ensure effective, timely and confident internal communications. We want our employees to feel able to challenge the way things are done and propose ideas for change, through improved feedback loops.

We are transforming the way we deliver our services to our customers. To support this, we must have the right skills, in the right place, at the right time. We will continue to build our workforce planning capability, supported by our talent and succession strategy, to forecast future needs, build internal skills and where necessary, recruit into specialist roles.

Absence remains above the civil service average of 6.5 average working day lost, and we will focus on improving attendance through management training and support for employees, including the launch of a wellbeing strategy. In line with the Civil Service Talent Action Plan: Removing the Barriers to Success, we have introduced Diversity Champions to positively encourage the progression and development of the diversity of our workforce. We will embed these roles, focusing on encouraging the development of employee support networks such as 'Breaking the Stigma' for employees with mental health conditions and Black and Minority Ethnic and Disability networks.

We have significantly downsized our estate and workforce. We will continue to review our estates portfolio, whilst at the same time considering 'smart' working practices, performance focused on results and outcomes and efficient technology.

We will review our reward and recognition strategy, with a focus on removing automatic pay progression and helping employees to understand the value of their total reward package.

## 4.2 Targets

- Average working days lost per employee:
  - Target for 2015-16: seven days or fewer.
- People survey – Employee Engagement Index:
  - Target for 2015-16: an overall increase in engagement.
  - Employees who have personally experienced discrimination at work:
    - Target for 2015-16: a decreased survey score.
  - Employees who have personally experienced bullying or harassment at work:
    - Target for 2015-16: a decreased survey score.
  - Employees who are proud when I tell others that they are part of The Insolvency Service:
    - Target for 2015-16: an increased survey score.

# 5. Processes and Continuous Improvement

## 5.1 Objectives

In the coming year we will continue to develop our capacity to deliver services digitally to our customers, while rolling out the physical and management tools to enable our business areas to sustain ongoing efficiency and customer service improvements. This will include a review of our current telephony architecture, to better support “Digital by Default” interaction with our customers.

Our development of new digital processes will focus on:

- A more customer-centric online service and more efficient process for Debt Relief Orders.
- Recruitment and training of the new Adjudicator’s Office, which will replace the courts in debtor applications for bankruptcy.
- An online replacement for the process by which insolvency practitioners report director misconduct in the cases to which they are appointed, implementing recent legislative reforms in that area.

We will embed continuous improvement across the agency:

- Building on the continuous improvement techniques already trialled within the Debt Relief Order team, enabling them to deal with an expected increase in demand.
- Working within our other business areas, creating buy-in and know-how among our people and establishing a continuous improvement process to generate, evaluate and implement improvements to operational processes.

Planned process improvements within our operational businesses include the development of a new resourcing model for the Estate Accounts and Scanning team, reducing the cost of processing and increasing flexibility. We will work to re-engineer processes to speed up payments to creditors in the insolvency cases we administer. And we will trial an intelligence-led decision making process in our enforcement work, with the goal of a rollout across the business by April 2016.

By the end of 2015-16 we will cease Secretary of State authorisation of insolvency practitioners, and process the transition of insolvency practitioners currently authorised by the Secretary of State to other authorising bodies. We will prepare for the proposals of the Small Business Enterprise and Employment Act 2015, including policy and processes to implement new Compensation Orders in disqualification cases if the Bill is passed.

## 5.2 Targets

### Official Receivers

- Issue reports to creditors within eight weeks (bankruptcy cases & company cases):
  - Target for 2015-16: 95%. <sup>1</sup>
- Process more insolvency cases to conclusion than the number of new cases received in the year:
  - Target for 2015-16: process 10% more cases than we received.
- Fruitless payments (non-recovery of insolvency fees or sufferance by creditors or third parties):
  - Target for 2015-16: less than 1% of total estates disbursements.

### Investigation and Enforcement Services

- Instigate disqualification proceedings within 23 months:
  - Target for 2015-16: 97%. <sup>1</sup>
- Authorise bankruptcy restrictions proceedings within 11 months:
  - Target for 2015-16: 80%. <sup>1</sup>
- Enforcement outcomes (including disqualification orders and undertakings, bankruptcy restrictions, winding up of companies in the public interest, criminal referrals and other action):
  - Target for 2015-16: obtain between 1,900 and 2,400.
- Proceedings issued at court but lost:
  - Target for 2015-16: less than 1%.
- Authorised proceedings which result in an enforcement outcome:
  - Target for 2015-16: 95%.

### Business Services

- Action redundancy payment claims within three weeks:
  - Target for 2015-16: 80%. <sup>1</sup>
- Action redundancy payment claims within six weeks:
  - Target for 2015-16: 92%. <sup>1</sup>
- Process redundancy payment transactions correctly.
  - Target for 2015-16: 99%.
- Digital Redundancy Payment Service applications by claimants:
  - Target for 2015-16: 80% digital take up before year end.

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<sup>1</sup> Published Target – see section 6

## 6. Published Targets

Our externally published targets are set by Ministers and demonstrate our performance against the needs of our customers and stakeholders. The published targets are shown in the table below:

		<b>2014-15 Target</b>	<b>2014-15 Actual</b>	<b>2015-16 Target</b>
Value for Public Money	Deliver against agreed budget, with sound financial management & robust governance.	Achieve	Achieved	<b>Achieve</b>
Customer / Stakeholder Satisfaction	Customer satisfaction sustained in upper quartile of comparable public bodies (survey).	90%	95%	<b>90%</b>
	Confidence in enforcement activity (survey).	69%	73%	<b>73%</b>
Operational Effectiveness	Per cent of reports issued to creditors within eight weeks (bankruptcy/company cases).	92%/85%	98%/95%	<b>95%</b>
	Per cent of disqualification cases in which proceedings are instigated under 23 months.	95%	98%	<b>97%</b>
	Per cent of bankruptcy restrictions authorised within 11 months of insolvency.	80%	86%	<b>80%</b>
	Action redundancy payment claims within three weeks.	80%	87%	<b>80%</b> <sup>1</sup>
	Action redundancy payment claims within six weeks.	92%	97%	<b>92%</b> <sup>1</sup>

<sup>1</sup> Targets are static following the introduction of GOV.UK Verify within the payments system, which may adversely impact on the timely payment of claims due to the enhanced security processes.

# 7. Finance & Resources

## 7.1 Objectives

Our previous planning assumption was that we would have removed our historical operating deficit by the end of 2015-16. We have already delivered significant cost reductions over the current spending review period, reducing our cost base, including staff, estates and technology, from £164m in 2010-11 to £104m in 2014-15. 2015 and beyond will require us to deliver further savings in this area.

We have restructured our corporate centre to make it smaller and more professional, and we will continue to strengthen professional development of finance and commercial skills, taking on board feedback from a recent review completed by The Chartered Institute of Public Finance and Accountancy. We will launch a programme to develop flexible programme and project management skills, including offering development through the Major Projects Authority as required.

We are working closely with HM Treasury to develop proposals that ensure our funding streams provide stability for the Agency's finances, which, in addition to the removal of our operational deficit, will seek to rebalance our reliance on taxpayer funding by reviewing our fee structures for Official Receivers and Insolvency Practitioners oversight regulation, amongst others. Furthermore, we will continue to develop our understanding of a range of key variables in order to inform medium to long-term financial plans, and the extent to which funding from BIS may be necessary to deliver our key outputs. Those key variables include:

- Income levels – sustainability of over-recovery 'windfall'; impact of policy changes; impact of overall movements in the economy
- Staffing levels
- Location/estates strategy
- Potential for efficiency improvements
- Potential opportunities from further transition to digital services
- Demonstrating value from non-statutory activities (mainly Investigation and Enforcement Services)

## 7.2 Targets

- Ratio of staff to corporate service staff:
  - Target for 2015-16: maintenance of current ratio.
- Cost per m<sup>2</sup> of the Insolvency Service estate:
  - Target for 2015-16: decreased cost per m<sup>2</sup>.
- Space utilisation per m<sup>2</sup>:
  - Target for 2015-16: improved utilisation per employee.
- Payment of supplier invoices within five days:
  - Target for 2015-16: 80%.
- Payment of supplier invoices within 30 days:
  - Target for 2015-16: 100%.

## 7.3 Budget

The proposed budget indicates that despite significant further reductions in total income levels (mainly driven by continuing reductions in case numbers), we continue to be on track to deliver operational break-even by the end of 2015-16.

<b>Financial Budgets - Insolvency Service - ISB</b>			
	<b>2014-15</b>		<b>2015-16</b>
<b>Income/Funding</b>	<b>Budget £000s</b>	<b>Outturn £000s</b>	<b>Budget £000s</b>
Case Administration	48,808	48,012	43,493
ORS Over Recovery Fees	2,400	9,918	10,000
BIS funded Investigations and Policy	40,351	41,027	35,252
Redundancy Payments	8,915	8,265	7,852
Other Fee Funded Activity	6,115	6,427	8,249
	<b>106,589</b>	<b>113,649</b>	<b>104,846</b>
<b>Operating Expenditure</b>			
Staff Costs - Perms	66,108	61,087	60,320
Staff Costs - Non-Perms	2,982	4,427	3,146
	69,090	65,514	63,466
Estates	10,294	10,951	10,638
IT Spend	6,271	8,480	8,205
Legal Costs	10,419	10,774	9,002
Other Costs	15,384	11,670	13,893
	<b>111,458</b>	<b>107,389</b>	<b>105,203</b>
<b>Operating (Deficit)/Surplus</b>	<b>(4869)</b>	<b>6261</b>	<b>(357)</b>
<b>Restructuring &amp; Major Projects</b>			
Restructuring - Rightsizing	4,100	4,100	2,610
Restructuring - Estate	1,500	1,500	500
HMRC Redundancy Payments Project	1,353	1,242	-
Projects Capital	5,000	5,000	5,000
	<b>11,953</b>	<b>11,842</b>	<b>8,110</b>