



Stakeholder Confidence Survey 2012

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Preface

This research findings report forms part of the deliverables for a project undertaken by SPA Future Thinking who were commissioned on behalf of The Insolvency Service. The other deliverables included a top line summary paper.

The views in this report are the authors' own and do not necessarily reflect those of The Insolvency Service.

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Summary of Results

Summary of Results

This research was conducted to:-

- measure stakeholders' confidence in The Insolvency Service and the effectiveness of sanctions The Insolvency Service has available to them;
- canvas stakeholders' views on the prioritisation of cases;
- test the prioritisation of cases;
- measure awareness of routes of complaint.

The results cover a range of The Insolvency Service's key stakeholders, whose views were obtained through 15-25 minute telephone interviews during the period 1 November to 5 December 2012.

Stakeholder interviews were conducted with:-

- Institutional Creditors;
- Non-institutional Creditors;
- Insolvency Practitioners;
- SME Company Directors;
- Accountants;
- Lawyers (both Solicitors and Barristers);
- Other Stakeholders.

Terminology

This report uses a series of terms relating to **Stakeholders** and **Other Stakeholders** throughout:-

- 'Stakeholders' is a general term encompassing all audiences interviewed in this study.
- 'Other Stakeholders' are a sub-group of stakeholders that cannot be labelled as a single group, due to the variety of organisations included, such as the Police, professional associations, credit services, the public sector and academics. This sub-group have contact with The Insolvency Service on a regular or semi-regular basis and thus tend to have a greater knowledge of its activities.
- The term 'sub-group' refers to a sub-set of the stakeholders spoken to, such as Institutional Creditors, Insolvency Practitioners, Company Directors, etc.

Please note that as the Other Stakeholder group is small and of a varied audience, it is advisable to not try and compare year-on-year results for this audience, as the make-up of respondents can differ greatly over time.

Confidence in The Insolvency Service's investigation and enforcement regime

The proportion of stakeholders that are confident in The Insolvency Service's investigation and enforcement regime is 66% this year. This exceeds The Insolvency Service target of 65% confidence and is higher (although not significantly so) than 2011 (65%) and 2010 (64%).

As seen from confidence in targeting and taking action, overall confidence is highest among **Institutional Creditors** (82%), however lowest among **Company Directors** (which has fallen significantly from 59% in 2011 to 47% in 2012).

Confidence among stakeholders that The Insolvency Service correctly targets and takes action against the culpable in 2012 remains at the same level as in 2011, with a little under half (49%) confident.

By audience, **Institutional Creditors** were most confident, with 65% claiming so, compared to only 34% of **Insolvency Practitioners**. There have been no significant changes year-on-year by sub-group, apart from Company Directors seeing a significant decrease (53% down to 37% but still higher than the 26% seen in 2010).

A **good/ efficient/ organised/ and accurate service** from The Insolvency Service is seen as a key reason for having confidence that action is taken against the culpable, whereas a perceived **lack of enforcement** action and **lack of monitoring/ investigation/ checks** can lead to lower confidence levels. **Better communications/explanation of procedures** and **improving the profile of the service** are noted as activities that would increase confidence.

Effectiveness of The Insolvency Service

Perceived effectiveness of The Insolvency Service in addressing or stopping commercial wrongdoing by live companies dropped significantly compared to the 2011 survey (down from 43% to 37%) and is more in line with the 2010 survey (40%). Opinion of effectiveness among **Company Directors** has returned to 2010 levels (23%) after the peak in 2011 (37%).

Given the finite resources available, there is a preference among stakeholders for The Service to take action against fewer cases but where harm had been greatest, rather than simply taking action in as many cases as possible.

Overall, a little over half (58%) would rather The Service concentrate on more harmful cases, than simply as many as possible. A third (31%) would prefer a 'low hanging fruit' approach, with the remaining 11% either unable to choose, or preferring a combination of the two options.

Effectiveness of sanctions

Awareness of sanctions available to The Insolvency Service remains broadly in line with past years, ranging from 89% of stakeholders aware of '**Bankruptcy or Debt Relief Restriction Orders and Undertakings**', to 68% aware of '**Reporting to a prosecution authority in respect of allegations of criminality**'.

Insolvency Practitioners, Other Stakeholders and **Accountants/Lawyers** remained the most knowledgeable stakeholder groups. Conversely, **Company Directors** remained least

likely to be aware of each sanction, with as few as 25% claiming to be aware of **'Suspensions of discharge'**.

At least half of stakeholders aware of the sanctions covered in the survey felt they were effective in deterring and stopping wrongdoing and views on effectiveness of these sanctions remained relatively static since last year. The exception to this was an increase in the perceived effectiveness of **'reporting to a prosecution authority in respect of allegations of criminality'**, when excluding those unable to answer, this increased from 65% to 74%.

Prioritisation

As with past studies, respondents were asked to prioritise five different outcomes which may be influenced by The Insolvency Service:-

- Promoting fair competition and a level playing field for business;
- Promoting fair treatment of customers and creditors;
- Promoting transparency of business ownership;
- Promoting proper structures and systems in businesses, such as accurate accounting records;
- Ensuring that that the insolvency and corporate regimes are not abused.

Overall opinion of the importance of each outcome remained at similar levels to previous years, whereby all outcomes were deemed important by most stakeholders. The only statistically significant difference observed this year is an increase in the importance of "Promoting transparency of business ownership", rising from 87% to 93% of stakeholders

The most important outcome from the list was considered to be **'Promoting fair treatment of customers and creditors'**. This was followed by **'Ensuring that insolvency and corporate regimes are not abused'**; this dropped back slightly, with the proportion of stakeholders that considered this the most important outcome reducing from 34% to 27% this year.

Nevertheless, Insolvency Practitioners continued to rate **'Ensuring that insolvency and corporate regimes are not abused'** as the most important outcome. For Company Directors the most important outcome is **'Promoting fair competition'**

Opinion of the effectiveness of each sanction available to The Insolvency Service remained considerably lower than perceived importance, with only two of the five outcomes being seen as effective by at least half of the stakeholders. **Institutional Creditors** continued to be most likely to see The Insolvency Service's outcomes as effective, significantly so across all of the five measures. **Company Directors** were least likely to see The Insolvency Service as effective in carrying out activities that brought about the listed outcomes.

Measuring routes of complaint

Over half of respondents in the 2012 survey (59%) claimed to know who to complain to about the activities of a trading or live company, up from 53% last year and 56% in 2010. As with previous surveys, **Insolvency Practitioners** were most likely to know who to complain to, with 95% claiming so; closely followed by **other stakeholders**, 88% of this group knowing who to complain to. **Company Directors** on the other hand remained much less likely to know who to complain to with only one in five claiming they do.

There has been a **sustained increase** in stakeholders claiming they would complain to The Insolvency Service about the activities of a trading or live company over the past two years, rising from 58% in 2010 to 71% in 2011 and now to 80% of respondents.

Insolvency Practitioners, Other Stakeholders and **Accountants/Lawyers** were most likely to claim they would complain to The Insolvency Service. **Company Directors** were significantly more likely to go to **the Trading Standards Institute**, whilst **Accountants/Lawyers** were more likely to go to **Regulatory Bodies**, than other sub-groups.

In order to find out information about how to complain, one in five **Company Directors** (17%) would go online, whilst a further 16% would approach their **accountant** or go to their **Solicitor/Lawyer**. The proportion that would go direct to The **Insolvency Service** has significantly decreased year-on-year (16% down to 4%). The preferred route of receiving information about reporting cases of wrongdoing is by **email**, followed by The **Insolvency Service's website**.

The proportion of stakeholders who knew *how* to complain to The Insolvency Service has continued to decrease from 44% in 2010, 42% in 2011 to 37% in this year. **Insolvency Practitioners** remained most likely to know how to complain to The Service (with 77% claiming so), whilst **Creditors** (37%) and **Directors** (12%) remained least likely.

The most common way for stakeholders to find out how to complain to The Insolvency Service continued to be through **internet searches, business contacts**, or from **previous dealings**. Preferred contact channels to complain to The Insolvency Service were split evenly between post, and email in 2012, with very little difference in opinion compared to the 2011 study.

Awareness of investigation and enforcement communications from The Insolvency Service

One in five stakeholders are aware of recent Investigation and Enforcement communications from The Insolvency Service in the last three months. **Insolvency Practitioners** are significantly more likely to be aware than the average stakeholder (44%) and **Company Directors** least aware (4%).

Those who work closely with The Insolvency Service, have frequent contact, have a good understanding of The Service and are aware of all sanctions available are significantly more likely to be aware of communications.

Postal and email communications are the most recalled, but no sub-group is significantly more likely to state this.

Amongst those who recall recent communications from The Service, two out of five believe them to be effective, however due to the low base size it is not possible to analyse this by sub-group.

Email is the preferred tool to communicate information to stakeholders on both enforcement matters and reporting cases of financial wrongdoing (56% and 66% respectively).

Company Directors are more likely to say they prefer to hear about enforcement matters on the TV/Radio (19%) or via social media (10%), whereas email is preferred by **Insolvency Practitioners** (68%).

Accountants are more likely to prefer to hear about reporting cases of financial or other wrong doing via a newspaper (18%), **Lawyers** prefer via website (26%) and **Insolvency Practitioners** and **Institutional Creditors** prefer to find out via email (81% and 78% respectively).

Awareness of the Enforcement Hotline

Awareness of The Insolvency Service's Enforcement Hotline has seen a directional improvement but remained in line with previous levels, with 27% claiming to be aware in 2012. Awareness of the Enforcement Hotline remained highest among **Insolvency Practitioners** and **Other Stakeholders**, whilst **Directors** remained significantly less likely to be aware.

Respondents that work directly (Insolvency Practitioners and Other Stakeholders) with The Insolvency Service were again most likely to be aware of the Enforcement Hotline (with 59% of Insolvency Practitioners and 53% of Other Stakeholders claiming so), as were those who had regular contact with The Insolvency Service, and those aware of all five sanctions available or claiming to have a very good understanding of what The Insolvency Service does.

Detailed Findings

1. Introduction/Background

Background

The Insolvency Service carries out a range of investigation and enforcement activities aimed at supporting fair and open markets and, where necessary, takes steps to remove, from those markets, individuals whose conduct is not in the public interest.

There are a number of sanctions available to The Insolvency Service to help in deterring and stopping financial wrongdoing:-

- Bankruptcy or Debt Relief Restrictions Orders and Undertakings;
- Suspensions of Discharge;
- Disqualification Orders and Undertakings;
- Reporting to a prosecution authority in respect of allegations of criminality;
- Winding up live companies when it is in the public interest.

Research Objectives

The key objective of this study was to measure the effectiveness of The Insolvency Service's investigation and enforcement activities in terms of the confidence of key stakeholders in the ability to identify and sanction those responsible for misconduct.

Specific research objectives were as follows:-

- To measure confidence in the investigation and enforcement activities of The Insolvency Service;
- To measure stakeholders' perceptions of the effectiveness of sanctions;
- To test the prioritisation of cases;
- To measure awareness of routes of complaint.

The report

This document outlines the detailed anonymised results of the survey, covering each research objective in a separate chapter. Results are broken down by stakeholder audiences for analysis, although trends occurring from other segment groups are also highlighted. Where appropriate, direct quotes from the interviews have been used to illustrate key themes.

2. Methodology and sampling

A total of 531 Computer Assisted Telephone Interviews were conducted by SPA Future Thinking between 1 November and 5 December 2012. Interviews typically lasted 15-20 minutes, depending on the answers given, with the exception of Other Stakeholders, where additional questions brought the average length up to 25 minutes.

As a variety of stakeholders were contacted in this study, a range of sample sources were used.

Sample supplied by The Insolvency Service

Institutional and Non-institutional Creditors, Insolvency Practitioners (IPs) and Other Stakeholder contacts were supplied by The Insolvency Service. For these contacts, addresses, telephone numbers, contact names (where possible) and company names were supplied.

The Other Stakeholder sample was selected by The Insolvency Service and consists of a variety of audiences, including the Police, professional associations, credit services, Government departments and agencies, R3 members and academics. It is important to note that the Other Stakeholders sub-group is a disparate audience with a small base size, so any year-on-year differences should be treated with caution. Also it is worth bearing in mind that this sub-group have contact with The Insolvency Service on a regular or semi-regular basis and thus tend to have a greater knowledge of its activities.

Purchased sample

Contact sample of Company Directors, Lawyers and Accountants were purchased from the Experian database. A random selection of Company Directors was sampled across all business sectors, with the only criteria being that they had fewer than 250 employees and were based in England or Wales. The Company Director sampling frame was stratified to over-represent larger businesses, but weighted to be nationally representative for analysis.

The Accountants and Lawyers sample files were drawn randomly from a selection of the most relevant UK Standard Industrial Classification codes, and screened out of the survey if they had no dealings with The Insolvency Service. In the case of the Lawyer sample, both Solicitors and Barristers were interviewed, however responses have been grouped together for analysis.

Table 2.1 details the final breakdown of interviews.

Table 2.1: Completed interviews

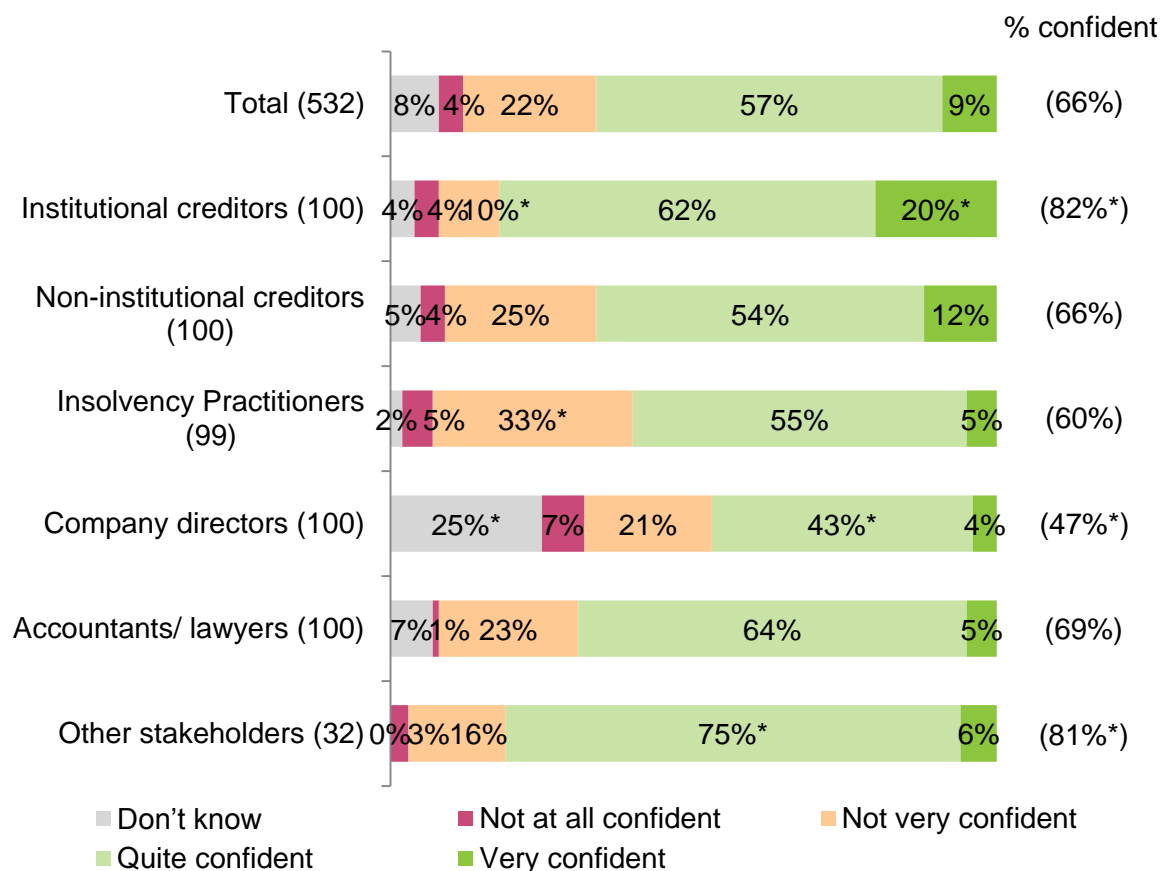
		Number of interviews
Creditors:		
	Institutional Creditors	100
	Non-institutional Creditors	100
Insolvency Practitioners		99
SME Company Directors		100
Accountants – working with insolvency cases		50
Solicitors/Barristers – working with insolvency cases		50
Other Stakeholders		32
TOTAL		531

3. Confidence in The Insolvency Service's investigation and enforcement regime

Overall confidence with The Insolvency Service's investigation and enforcement regime has seen a slight increase on 2011 (66% vs. 65%) and is in line with previous years (64% in 2010 and 68% in 2009). Institutional Creditors and Other Stakeholders were significantly more likely to be confident, with 82% stating so, compared to just 47% of Company Directors.

Chart 3.1: Overall confidence in The Insolvency Service's investigation and enforcement regime

(Base: All)



Q7d. Taking everything into account, how confident are you overall with The Insolvency Service's investigation and enforcement regime?

**Significantly different from total*

Confidence in The Insolvency Service's investigation and enforcement regime increases with knowledge of what The Insolvency Service does, whereby 77% of stakeholders with a *very good* understanding of The Service were also confident overall (compared to 5% of those with a *very poor* understanding).

Comparing year-on-year differences in overall confidence by sub-groups, there have been no significant changes.

Table 3.2: Overall confidence in The Insolvency Service’s investigation and enforcement regime 2012 vs. 2011
(Base: All)

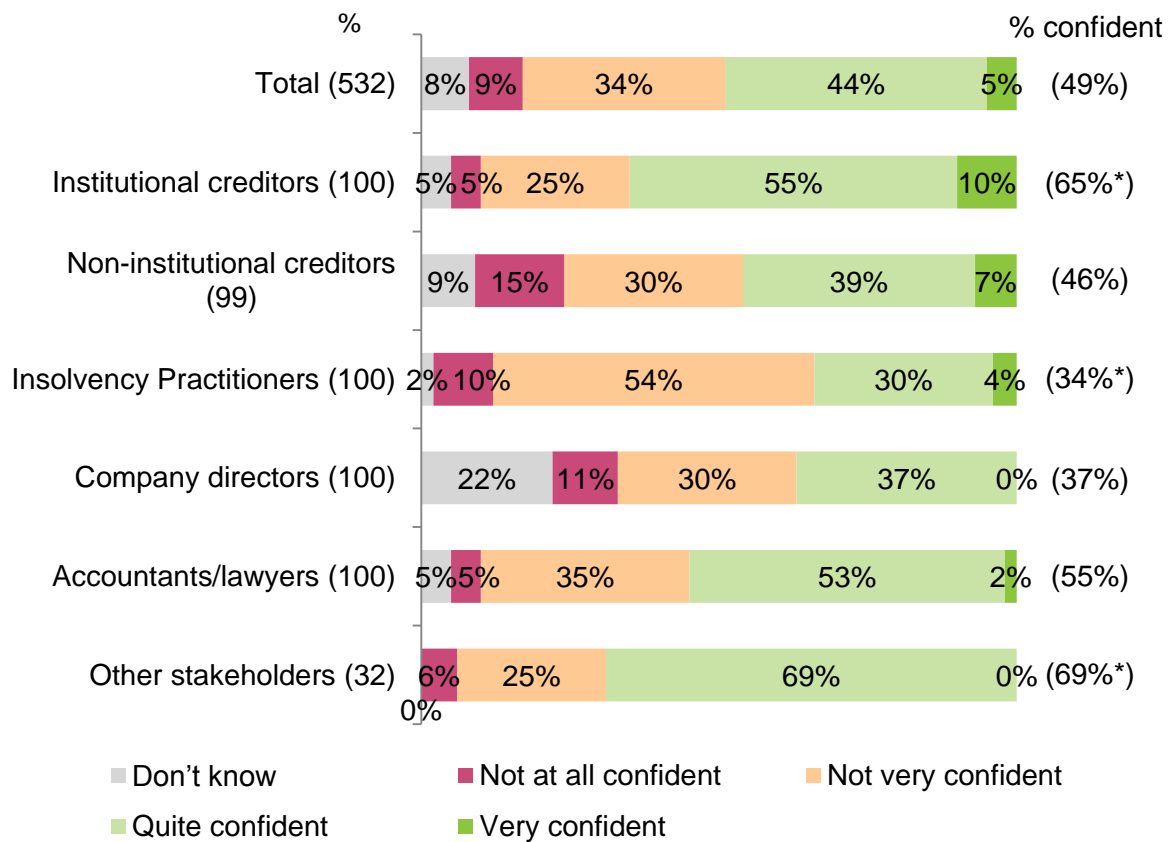
	% Very/quite confident			
	Inc. DK		Excl. DK	
	2012	2011	2012	2011
Total (531/532)	66%	65%	71%	68%
Institutional creditors (100/101)	82%	77%	85%	78%
Non-institutional creditors (100/100)	66%	56%	69%	57%
Insolvency Practitioners (99/100)	60%	59%	61%	60%
Company directors (100/101)	47%	59%	63%	72%
Accountants/ lawyers (100/100)	69%	71%	74%	73%
Other stakeholders (32/30)	81%	77%	81%	77%

No significant differences 2012 vs. 2011

Overall confidence that **The Insolvency Service correctly targets and takes action against the culpable** has remained at the same level as last year's study. In 2012 & 2011, just under half of respondents saw themselves as confident (49%).

This year, two stakeholder groups were significantly more likely to be confident in The Insolvency Service – Institutional Creditors and Other Stakeholders – where 65% and 69% respectively were confident. Conversely, just 34% of Insolvency Practitioners were confident in 2012, and only 4% were *very confident*.

Chart 3.3: Confidence that The Insolvency Service correctly targets and takes action against the culpable
(Base: All)



Q2a. How CONFIDENT are you that The Insolvency Service correctly targets and takes action against the culpable that is individuals or directors of companies whose conduct merits enforcement action.

*Significantly different from total

Comparing confidence that The Insolvency Service correctly targets and takes action against the culpable year-on-year shows that the overall score remains level with 2011. Only one stakeholder group exhibited significant changes this year.

There was a significant decline in levels of confidence among Company Directors (both including and excluding those unable to give an opinion); among all Company Directors, the proportion confident with The Insolvency Service dropped after the peak in 2011, from 53% to 37%. When excluding those unable to comment (i.e. giving a 'don't know' response) the proportion of Company Directors confident in 2012 fell from 62% to 47%.

Insolvency Practitioners remain the least confident stakeholder group this year as shown in Table 3.4 below.

Table 3.4: Confidence that The Insolvency Service correctly targets and takes action against the culpable. 2012 vs. 2011
(Base: All/All excl. DK)

	% Very/quite confident			
	Inc. DK		Excl. DK	
	2012	2011	2012	2011
Total (531/532)	49%	49%	53%	52%
Institutional creditors (100/101)	65%	58%	68%	61%
Non-institutional creditors (100/100)	46%	44%	51%	45%
Insolvency Practitioners (99/100)	34%	32%	35%	33%
Company Directors (100/101)	37%	53%	47%	62%
Accountants/ lawyers (100/100)	55%	56%	58%	58%
Other stakeholders (32/30)	69%	60%	69%	60%

**Red number indicates significantly lower than. 2011*

A wide range of reasons were given by stakeholders for being confident that The Insolvency Service correctly targets and takes action against the culpable. Perceptions that The Service “offers a good, efficient service”, “doing the best with the available budget”, “investigations carried out” and “taking more enforcement action” have all significantly increased year-on-year

Chart 3.5: Reasons for having confidence in The Insolvency Service correctly targeting and taking action against the culpable

(Base: All confident)



Q2ai. Why do you say that? What makes you particularly confident in The Service?

Other comments mentioned by less than 5% of respondents.

**Significantly different 2012 vs. 2011*

By stakeholder group, only a small number of differences were seen in reasons for being confident:-

- Institutional Creditors were more likely to cite good, regular contact and information (with 22% of those confident stating this)
- Insolvency practitioners perceive that The Insolvency Service does the best that it can with the available budget (32%)

As with past studies, stakeholders were asked to give their reasons for having confidence that The Insolvency Service correctly targets and takes action against the

culpable in the form of an open-ended question (Chart 3.5 being a representation of comments grouped into common themes).

Examples of good service:-

'I have had personal experience of removing directors from companies who have become insolvent. I am quite happy with what is done and I think they can provide a very good service.' (Non-institutional Creditor)

'From what I have read and my dealing that I have had with the service over the years [it] has been excellent.' (Insolvency Practitioner)

'We've had experiences of The Insolvency Service acting upon one of our investigations and actually following through with directors of a business so I do have confidence they are doing a good job for us.' (Non-institutional Creditor)

'On occasions I've had to report certain individuals, and the service I've received from the Insolvency Service has been good.' (Company director)

Examples of good communication:-

'Generally speaking there is someone that you can liaise with and talk to and have a meeting of minds.' (Insolvency Practitioner)

'I get a lot of correspondence from the Insolvency Service that keep us updated of issues on our behalf. I am happy with the level of the information that I am kept up to date with.' (Non-institutional Creditor)

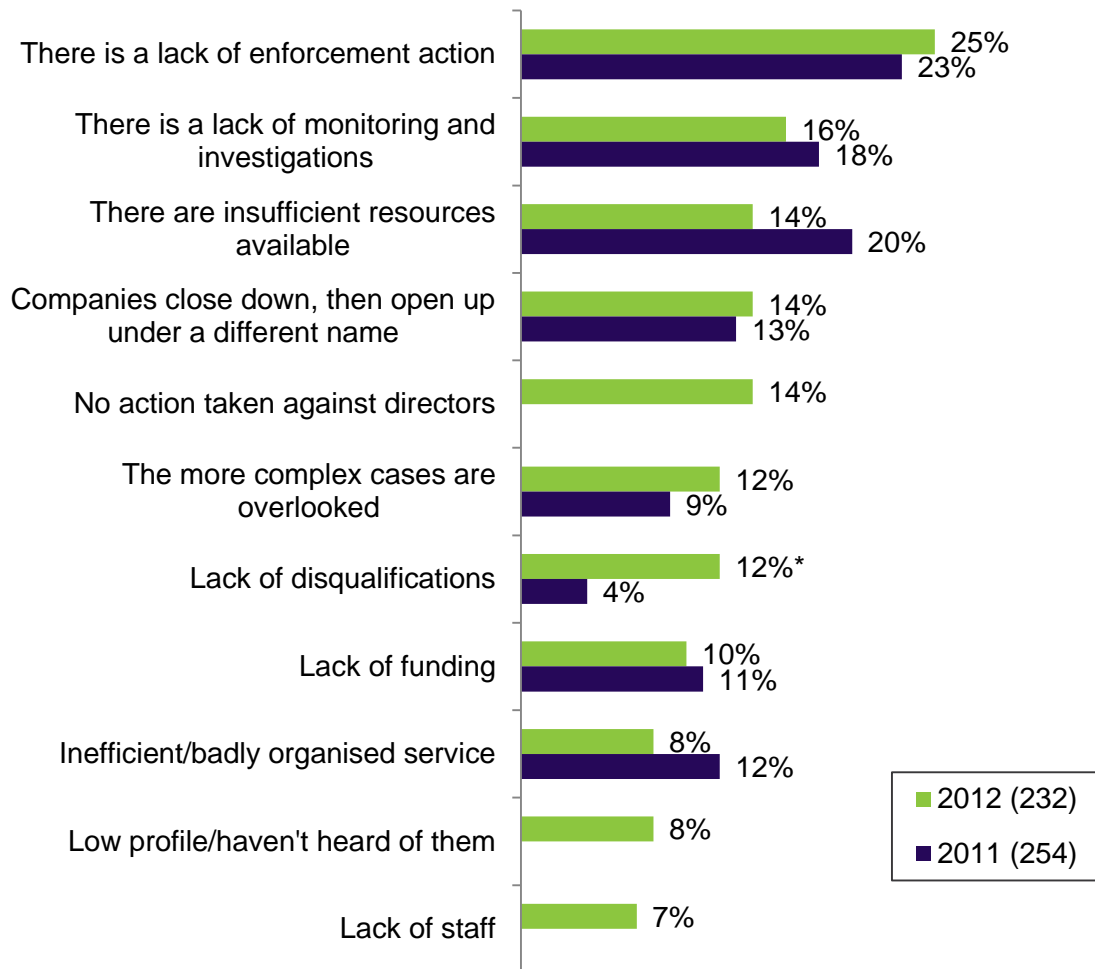
'On the one occasion when I had dealings with them they were good. We decided to foreclose on a commercial tenant who was behind with his rent and all the letters from the Insolvency Service were clear and understandable.' (Institutional Creditor)

'We receive letters from the Insolvency Service stating that everything is being dealt with quickly. Also we are kept in the loop' (Accountant/ lawyer)

Among the respondents who saw themselves as confident that The Insolvency Service correctly targets and takes action against the culpable, almost a sixth (15%) used this opportunity to raise concerns with The Insolvency Service, in line with the 14% doing so in 2010 (but slightly less than the 19% in 2011). This was particularly so among Accountants (31%) and Insolvency Practitioners (26%).

Reasons given for a lack of confidence that The Insolvency Service correctly targets and takes action against the culpable centred on a perceived lack of enforcement action. New perceived reasons came to the fore this year – “no action taken against directors”, The Insolvency Service has a “low profile” and “lack of staff”.

Chart 3.6: Reasons for not having confidence in The Insolvency Service correctly targeting and taking action against the culpable
 (Base: All not confident)



*Q2aii. Why do you say that? What makes you lack confidence in The Service?
 Other comments mentioned by less than 5% of respondents
 Significantly different 2012 vs. 2011

The following significant differences were seen by audience:-

- Non-institutional Creditors were significantly more likely to cite “money owed not received” (11% vs. 3% at a total level) and “lack of information” (9% vs. 3% at a total level)
- Insolvency Practitioners were more likely to cite insufficient resources (29%)
- Lawyers/Accountants were more likely to cite a lack of bankruptcy restriction orders (5% vs. 1% at a total level).

Examples of the reasons given for a lack of confidence in The Insolvency Service are detailed below.

Lack of enforcement action:-

'Too many people are able to break the laws legally; people seem to know the rules and regulations and manage to work around it.' (Non-institutional creditors)

'We submit reports to the Insolvency Service about directors' conduct and we found they do not generally take action against those directors.' (Insolvency Practitioner)

Insufficient resources available:-

'The lack of resources. They have to then be specific on their targets and the consequence is individuals or companies who should be subject to sanction are not, because of the time and resource.' (Accountant/ lawyer)

'They are overworked and undertrained.' (Insolvency Practitioner)

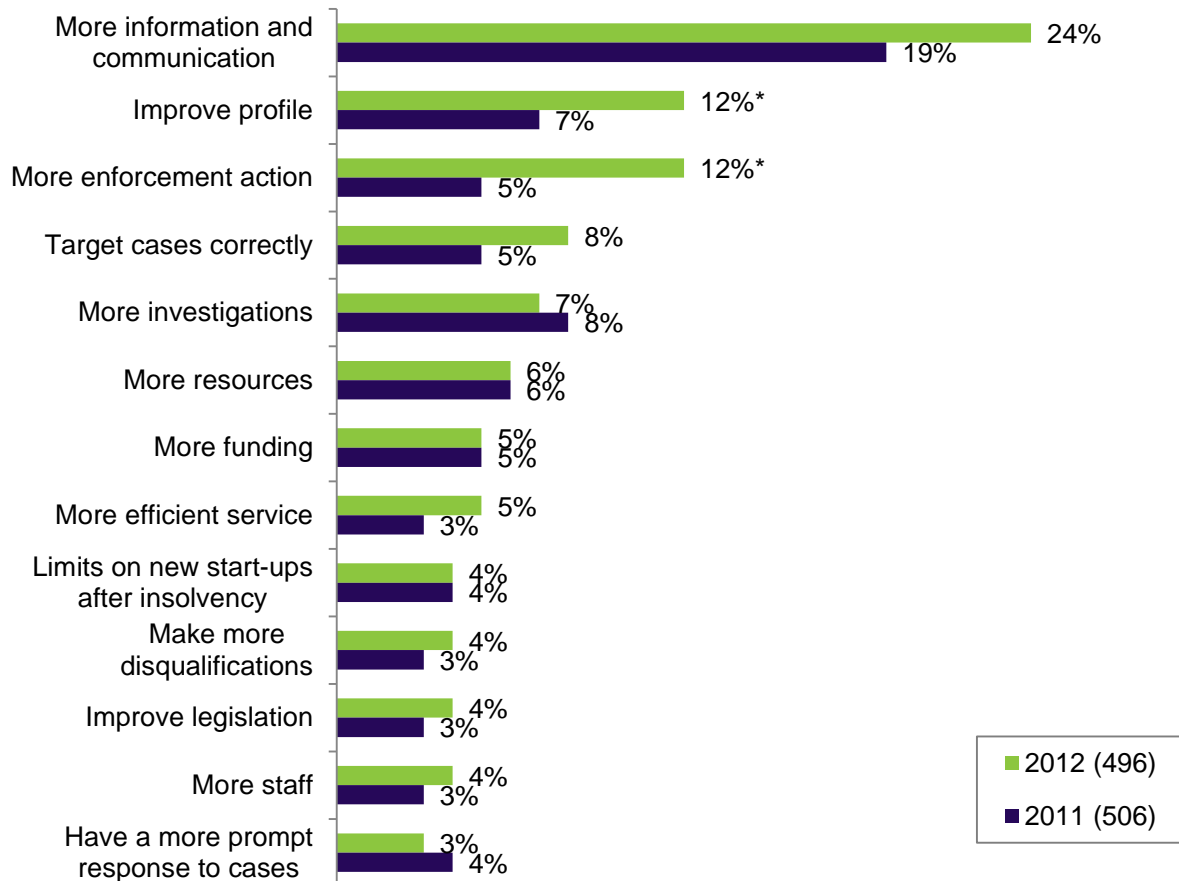
Companies closing down and re-opening too easily:-

'I think there's probably a lot of people who are serial bankrupters or people who basically have serial phoenix companies, I would say, which is allowed, but arguably shouldn't be.' (Accountant/ lawyer)

'It's not so much the Insolvency Service but rather the legislation governing them that is the difficulty. Companies can go under but then rise like a phoenix with a new coat.' (Non-institutional Creditor)

Increased information and communication continued to remain the most frequently cited suggestion for a way The Insolvency Service could improve stakeholders' confidence in 2012. There has been a significant increase in those suggesting "improve profile" and "take more enforcement action" compared to 2011

Chart 3.7: Suggestions of how The Insolvency Service could improve confidence
(Base: All with an opinion of confidence)



*Q2aiii. How could The Service improve your confidence in them?
Other comments mentioned by less than 3% of respondents.
Significantly different 2012 vs. 2011

A number of significant differences were observed by each sub-group in the suggestions given to improve confidence in The Insolvency Service:-

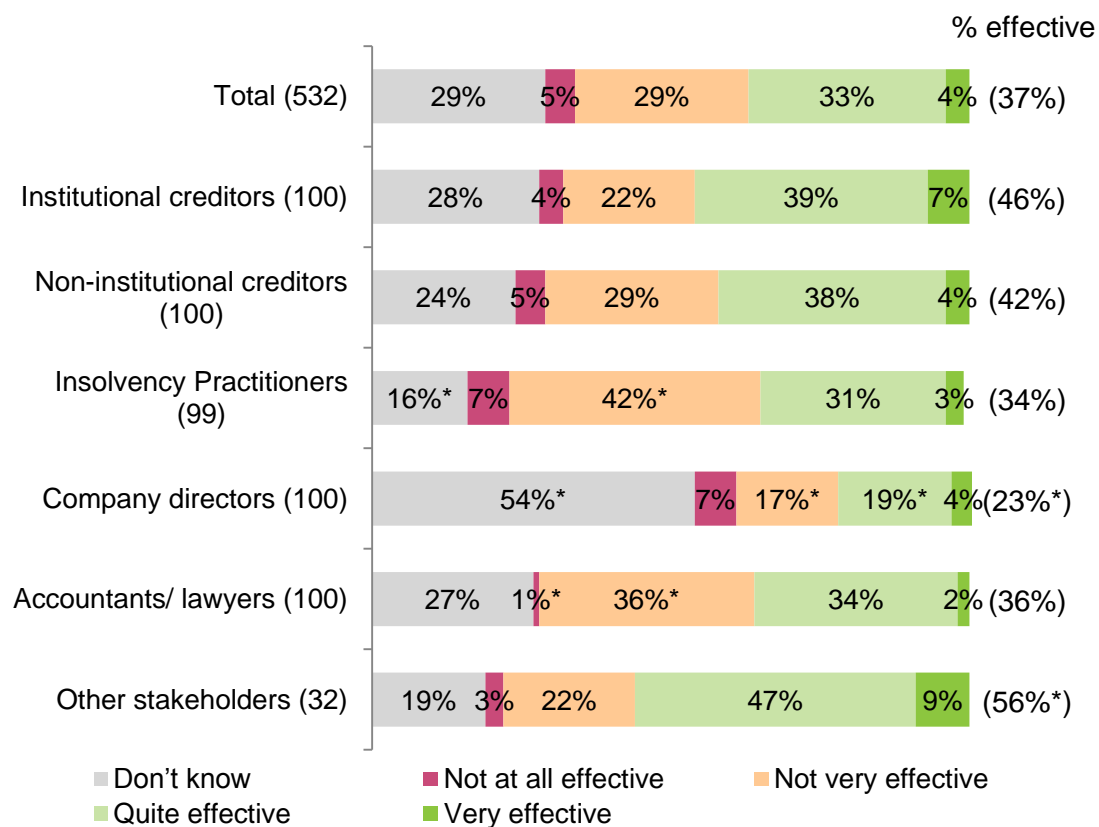
- Institutional Creditors were more likely to cite more information and communications (35%)
- Insolvency Practitioners were more likely to cite more enforcement action (16%) target cases correctly (16%), more funding (12%) and more disqualifications (8%)
- Company Directors were more likely to cite improve profile (26%)

4. Effectiveness of The Insolvency Service

When asked to rate the effectiveness of The Insolvency Service in addressing or stopping commercial wrongdoing by live companies, 37% of stakeholders felt The Service was *very effective* or *quite effective*, similar to the 40% seen in 2010 but significantly lower than the peak in 2011 (43%). By sub-group, two stakeholder groups differed significantly from the total – 56% of Other Stakeholders felt The Insolvency Service was effective, whereas the figure amongst Company Directors was at 23%.

Chart 4.1: Effectiveness of The Insolvency Service in addressing or stopping commercial wrongdoing by live companies

(Base: All)



Q2b. How effective do you think The Insolvency Service is, in addressing or stopping commercial wrongdoing by live companies?

*Significantly different from total

Understanding of The Insolvency Service's activities has a pronounced effect on opinion of their effectiveness. 45% of respondents with a *very good* understanding of what The Insolvency Service does also felt it was effective in addressing or stopping commercial wrongdoing by live companies, compared to 5% of those with a *very poor* understanding (although the proportion unable to comment on effectiveness increased with a lack of understanding of what The Service does).

At an overall level perceptions of effectiveness decreased significantly year-on-year, driven by Company Directors and Accountants/Lawyers. Even when those who say that they don't know how effective The Service is are excluded, effectiveness amongst the aforementioned sub-groups is significantly down.

Table 4.2: Effectiveness of The Insolvency Service in addressing or stopping commercial wrongdoing by live companies 2012 vs. 2011
(Base: All)

	% Very/quite confident			
	Inc. DK		Excl. DK	
	2012	2011	2012	2011
Total (531/532)	37%*	43%	53%	58%
Institutional creditors (100/101)	46%	44%	64%	61%
Non-institutional creditors (100/100)	42%	38%	55%	48%*
Insolvency Practitioners (99/100)	34%	42%	41%	50%
Company Directors (100/101)	23%*	37%	50%*	64%
Accountants/ lawyers (100/100)	36%*	56%	49%*	68%
Other stakeholders (32/30)	56%	43%	69%	59%

**Significantly different 2012 vs. 2011*

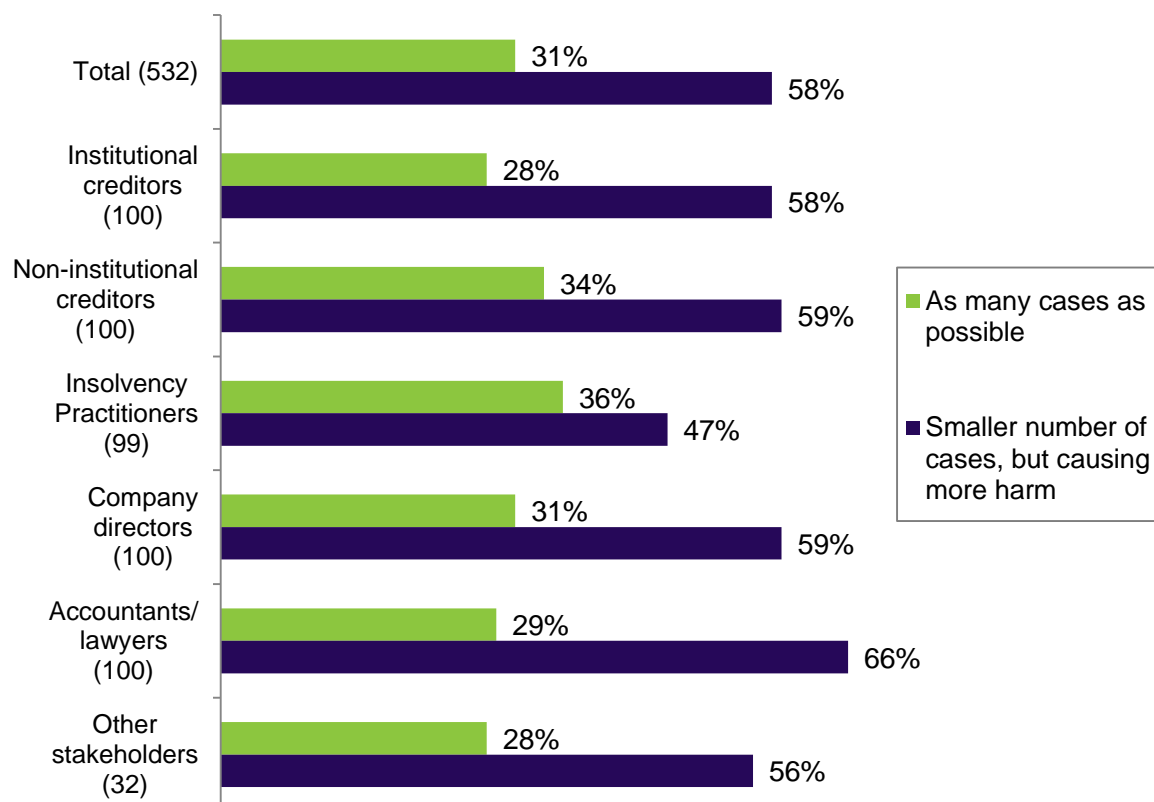
Dealing with Finite Resources

Stakeholders were asked, given the finite resources available to The Insolvency Service, whether their confidence would be improved if:

- The Insolvency Service took action in as many cases as possible, even if this means not doing some big, resource-intensive cases, or if;
- they took action in a smaller number of cases, but where harm has been greatest.

Overall, a little over half of stakeholders (54%) preferred action to be taken with a smaller number of cases, but where harm had been greatest, compared to 31% preferring action to be taken in as many cases as possible, even if it means not doing some larger, resource-intensive cases. The remaining 15% were unable to choose, or preferred a combination of the two options.

Chart 4.3: Preference for action, given finite resources available
(Base: All)



Q7e. Given the pressures of a finite resource available, would your confidence in The Insolvency Service be improved if...

**Significantly different from total*

Table 4.4: Preference for action, given finite resources available
 (Base: All)

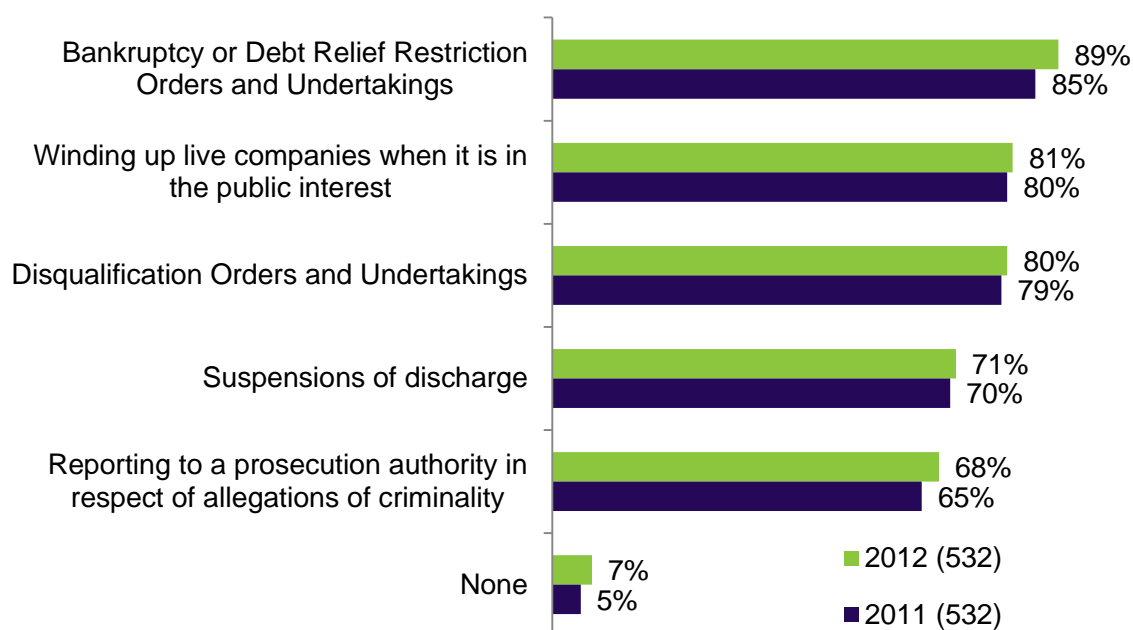
	Total	Institutional creditors	Non-institutional creditors	Insolvency Practitioners	Company Directors	Accountants/lawyers	Other stakeholders
(Base)	(531)	(100)	(100)	(99)	(100)	(100)	(32)
Take action in as many cases as possible, even if this means not doing some big, resource-intensive cases	31% (31%)	28% (28%)	34% (40%)	36% (41%)	<u>31%</u> (15%)	29% (35%)	28% (13%)
Take action in a smaller number of cases, but where harm has been greatest	58% (54%)	58% (58%)	59% (46%)	47% (47%)	59% (57%)	66% (56%)	56% (70%)
A combination of the two (not read out to respondents)	7% (9%)	10% (8%)	4% (10%)	9% (9%)	6% (12%)	2% (5%)	13% (13%)
Don't know	4% (6%)	4% (6%)	3% (4%)	7% (3%)	<u>3%</u> (16%)	3% (4%)	3% (3%)

NB: Red scores significantly lower than Total, green score significantly higher than Total. Underlined scores are significantly different to 2011 2011 scores given in brackets.

5. Effectiveness of sanctions

Awareness of sanctions available to The Insolvency Service has remained at broadly similar levels to 2011, whereby most stakeholders claim to be aware of each sanction.

Chart 5.1: Awareness of sanctions available to The Insolvency Service
(Base: All)



Q3a. Before today, which of the following sanctions available to The Insolvency Service were you aware of?

**Significantly different 2012 vs. 2011*

Other Stakeholders, Accountants/Lawyers and Insolvency Practitioners remain the most knowledgeable stakeholder groups, with almost all IPs aware of each sanction. Conversely, Company Directors remained least likely to be aware of each sanction, with as few as 25% claiming to be aware of 'Suspensions of discharge'.

Awareness of Bankruptcy or Debt Relief Restriction Orders and Undertakings has significantly increased year-on-year amongst Non-Institutional Creditors (from 80% in 2011 to 90% in 2012)

Awareness of sanctions increase when stakeholders work directly and have more dealings with The Insolvency Service.

Table 5.2: Awareness of sanctions available to The Insolvency Service by type of Stakeholder
 (Base: All)

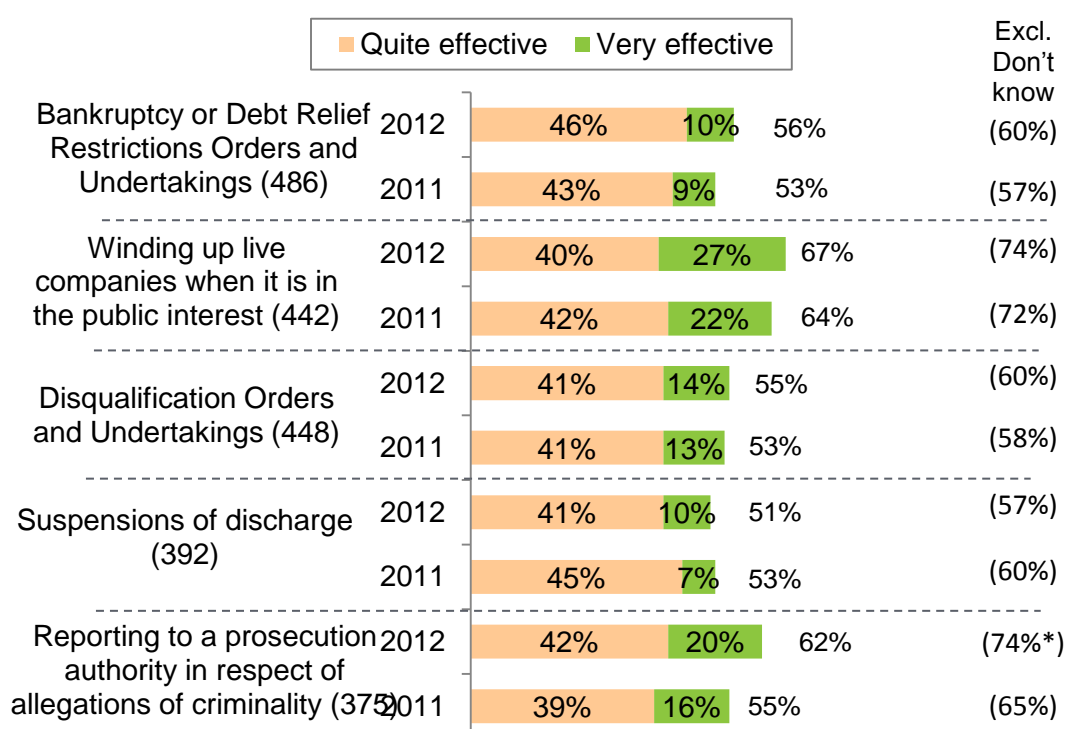
	Total	Institutional creditors	Non-institutional creditors	Insolvency Practitioners	Company Directors	Accountants/lawyers	Other stakeholders
(Base)	(531)	(100)	(100)	(99)	(100)	(100)	(32)
Bankruptcy or Debt Relief Restrictions Orders and Undertakings*	89% (85%)	99% (97%)	<u>90%</u> (80%)	98% (98%)	56% (53%)	98% (94%)	100% (97%)
Winding up live companies when it is in the public interest	81% (80%)	85% (86%)	79% (83%)	100% (98%)	49% (43%)	84% (84%)	100% (93%)
Disqualification Orders and Undertakings	80% (79%)	80% (70%)	79% (79%)	100% (100%)	43% (49%)	95% (93%)	94% (97%)
Suspensions of Discharge*	71% (70%)	79% (75%)	56% (64%)	98% (100%)	25% (23%)	88% (82%)	91% (87%)
Reporting to a prosecution authority in respect of allegations of criminality	68% (65%)	54% (47%)	60% (61%)	95% (96%)	42% (37%)	82% (79%)	91% (80%)
None	7% (5%)	0% (1%)	8% (2%)	0% (0%)	28% (24%)	0% (1%)	0% (0%)

NB: Red scores significantly lower than Total, green score significantly higher than Total. Underlined scores are significantly different to 2011 2011 scores given in brackets.

In all cases, at least half of stakeholders aware of each sanction felt it was effective in deterring and stopping wrongdoing. Perceived effectiveness of sanctions available to The Insolvency Service have remained in line with last year.

However, once you those who said “don’t know” are removed, three quarters of stakeholders aware of “reporting to a prosecution authority in respect of allegations of criminality” believed this sanction to be effective and this proportion has significantly increased compared to 2011.

Chart 5.3: Effectiveness of sanctions in deterring and stopping wrongdoing
(Base: All aware)



Q3b. So, how effective do you think ... is, in deterring and stopping individual/commercial wrongdoing by individuals and directors of companies?
**Significantly different vs. total sample*

Company Directors are more likely to think that “reporting to a prosecution authority in respect of allegations of criminality” is an effective measure (81%).

Table 5.4: Effectiveness of sanctions in deterring and stopping wrongdoing - % Very/fairly effective
 (Base: All aware. Includes 'Don't knows')

	Total	Institutional creditors	Non-institutional creditors	Insolvency Practitioners	Company Directors	Accountants/lawyers	Other stakeholders
Bankruptcy or Debt Relief Restrictions Orders and Undertakings* (486)	56% (53%)	57% (55%)	51% (49%)	58% (44%)	67% (66%)	52% (54%)	59% (59%)
Winding up live companies when it is in the public interest (442)	67% (64%)	72% (64%)	70% (54%)	64% (64%)	58% (54%)	67% (73%)	75% (79%)
Disqualification Orders and Undertakings (448)	55% (53%)	59% (54%)	52% (44%)	51% (51%)	37% (42%)	60% (62%)	77% (76%)
Suspensions of discharge* (392)	51% (53%)	56% (57%)	52% (44%)	48% (49%)	44% (46%)	50% (61%)	59% (58%)
Reporting to a prosecution authority in respect of allegations of criminality (375)	62% (55%)	57% (60%)	57% (48%)	54% (48%)	81% (57%)	66% (65%)	72% (63%)

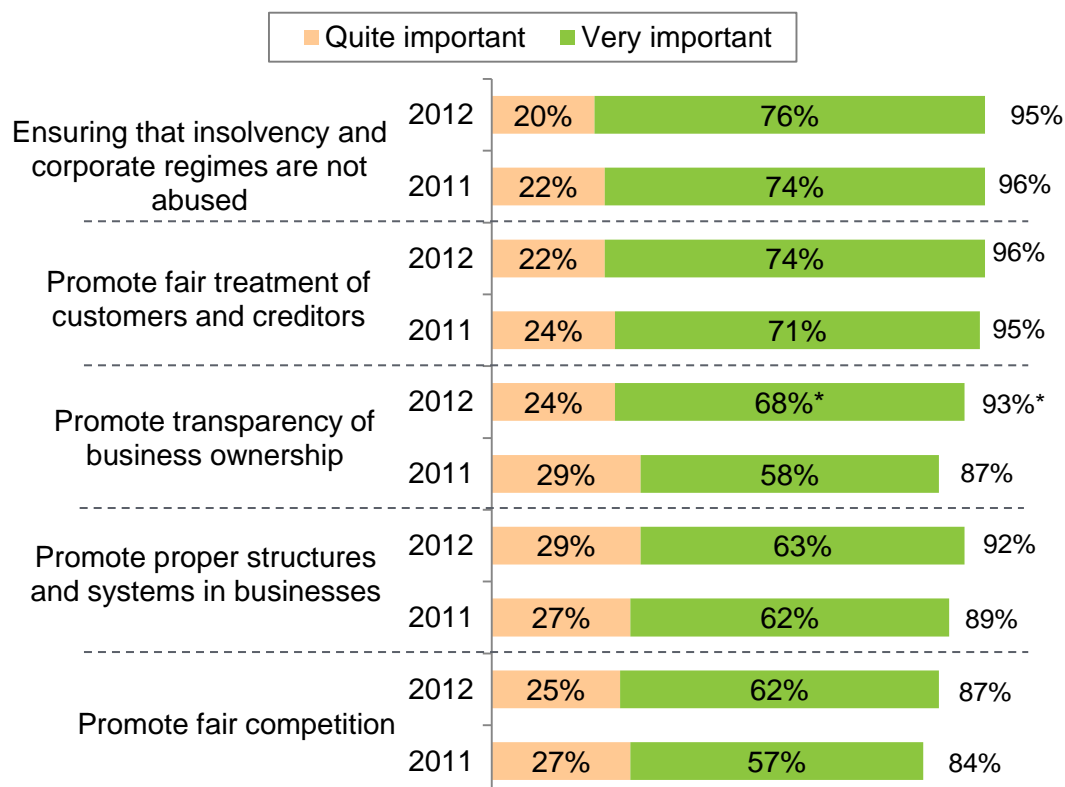
NB: Red scores significantly lower than Total, green score significantly higher than Total. 2011 scores given in brackets.

Base sizes differ depending on the number of stakeholders aware of each sanction.

6. Prioritisation of resource

Opinion on the importance of ‘outcomes’ that may occur as a result of The Insolvency Service’s action remained at similar levels to 2011, whereby all outcomes were deemed important by most stakeholders. Notably, the perceived importance of promoting transparency of business ownership increased significantly this year.

Chart 6.1: Importance that The Insolvency Service takes enforcement action
(Base: All 532)



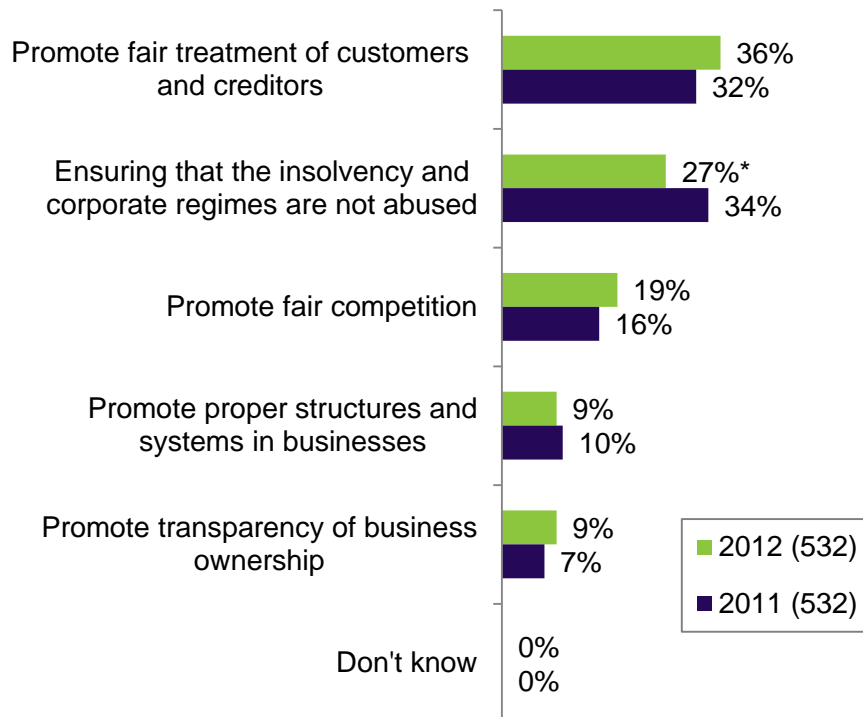
Q4a. And how important is it to you for The Insolvency Service to take enforcement action to...

**Significantly different 2012 vs. 2011*

No notable differences between the sub-groups were observed in terms of perceived importance of The Insolvency Service’s role in taking enforcement action.

When asked to choose the most important outcome from the list, 'Promoting fair treatment of customers and creditors', replaced 'Ensuring that the insolvency and corporate regimes are not abused' after the latter fell significantly this year.

Chart 6.2: Most important outcome
(Base: All)



Q4e. Out of the five outcomes, which would you say was the most important?
**Significantly different 2012 vs. 2011*

Opinion of the most important outcome of the sanctions available to The Insolvency Service also differed by some stakeholder groups (in line with 2011):-

- Insolvency Practitioners were most likely to see 'Ensuring that the insolvency and corporate regimes are not abused' as most important, with 51% doing so
- Company Directors were most likely to see 'Promoting fair competition' as most important, with 39% doing so.

Table 6.3: Most important outcome
 (Base: All)

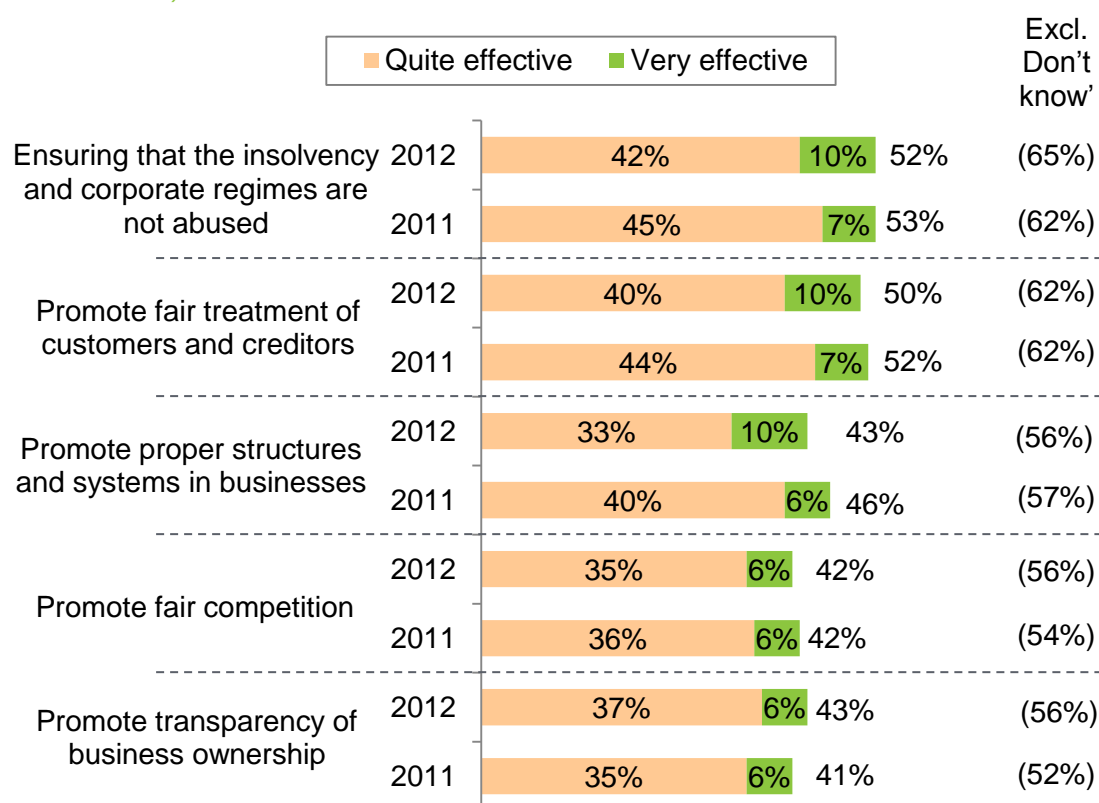
	Total	Institutional creditors	Non-institutional creditors	Insolvency Practitioners	Company Directors	Accountants/lawyers	Other stakeholders
Base	(531)	(100)	(100)	(99)	(100)	(100)	(32)
Ensuring that the insolvency and corporate regimes are not abused	<u>27%</u> (34%)	22% (33%)	20% (20%)	<u>51%</u> (63%)	15% (15%)	27% (37%)	25% (43%)
Promote fair treatment of customers and creditors	36% (32%)	45% (38%)	42% (49%)	24% (22%)	26% (21%)	41% (32%)	41% (30%)
Promote fair competition	19% (16%)	15% (12%)	16% (8%)	12% (11%)	<u>39%</u> (42%)	14% (8%)	9% (17%)
Promote proper structures and systems in businesses	9% (10%)	4% (9%)	14% (9%)	10% (4%)	10% (13%)	9% (16%)	6% (10%)
Promote transparency of business ownership	9% (7%)	14% (9%)	8% (14%)	3% (0%)	10% (8%)	9% (7%)	19% (0%)
Don't know	0% (0%)	0% (0%)	0% (0%)	0% (0%)	0% (0%)	0% (0%)	0% (0%)

NB: Red scores significantly lower than Total, green score significantly higher than Total. Underlined scores are significantly different to 2011 2011 scores given in brackets.

Base sizes differ depending on the number of stakeholders aware of each sanction.

Opinion of the effectiveness of each sanction available to The Insolvency Service remained considerably lower than the perceived importance, with only two of the five outcomes being seen as effective by at least half of the stakeholders in 2012. Overall, one out of five outcomes have increased by a non-significant margin in 2011, once those saying ‘don’t know’ were removed, three non-significant falls in agreement are seen.

Chart 6.4: Effectiveness of The Insolvency Service in carrying out activities
(Base: All 531)



Q4b. And how effective do you think The Service is in carrying out activities that...
**Significantly different 2012 vs. 2011*

Institutional Creditors continued to be most likely to see The Insolvency Service’s outcomes as effective, significantly so across all of the five measures (shown in Table 6.5). Company Directors were least likely to see The Insolvency Service as effective in carrying out activities that brought about the listed outcomes.

As with the previous two surveys, the stakeholders who felt that The Insolvency Service was *not* effective in carrying out activities that promote each of the outcomes listed were given the opportunity to explain their reasons why, and also to give suggestions of how effectiveness can be increased. A selection of these comments can be found in Appendix D.

Table 6.5: Effectiveness of The Insolvency Service in carrying out activities - % Very/fairly effective
 (Base: All)

	Total	Institutional creditors	Non-institutional creditors	Insolvency Practitioners	Company Directors	Accountants/lawyers	Other stakeholders
Base	(531)	(100)	(100)	(99)	(100)	(100)	(32)
Ensuring that the insolvency and corporate regimes are not abused	52% (53%)	63% (57%)	57% (47%)	55% (51%)	25% (47%)	57% (56%)	63% (67%)
Promote fair treatment of customers and creditors by businesses and individuals	50% (52%)	66% (62%)	50% (52%)	46% (49%)	26% (35%)	55% (56%)	75% (63%)
Promote proper structures and systems in businesses	43% (46%)	60% (55%)	57% (54%)	28% (31%)	29% (45%)	41% (43%)	44% (57%)
Promote fair competition and a level playing field for business	42% (42%)	57% (50%)	49% (45%)	32% (33%)	25% (32%)	45% (49%)	44% (47%)
Promote transparency of business ownership	43% (41%)	57% (56%)	44% (47%)	43% (26%)	34% (32%)	37% (42%)	47% (50%)

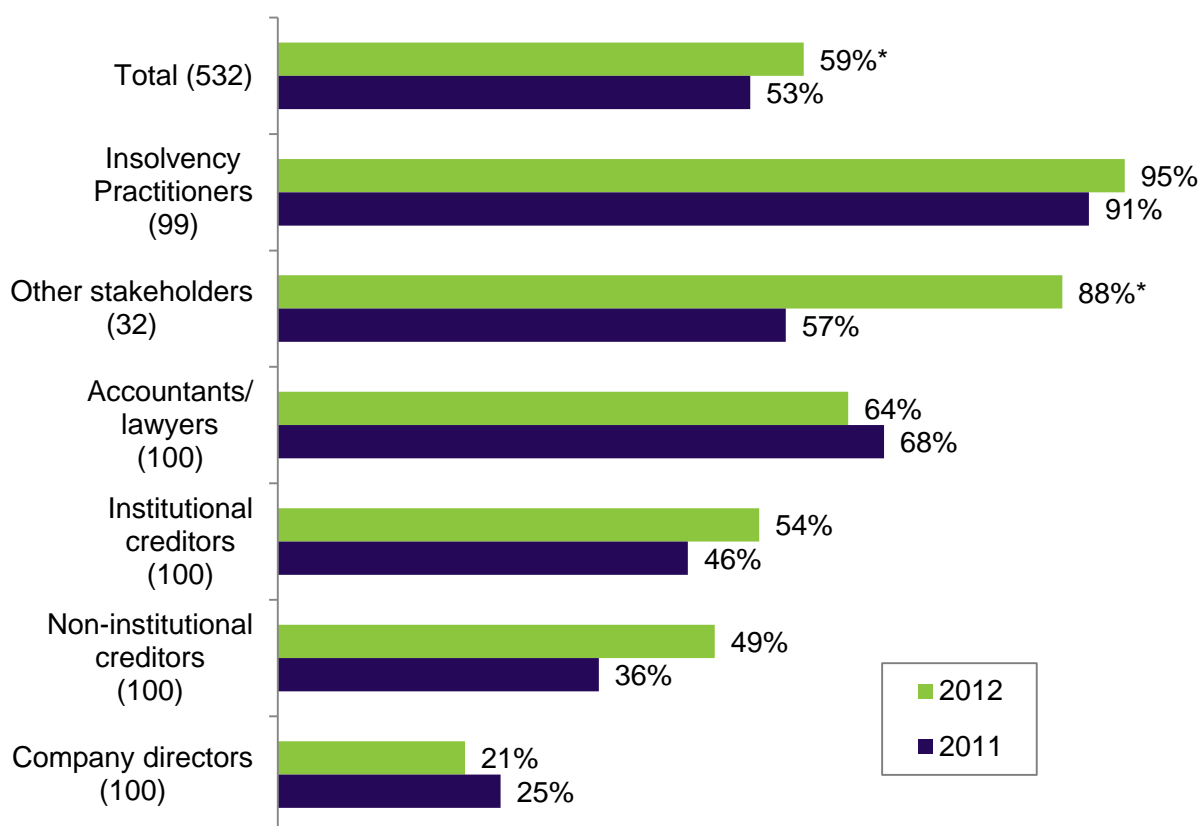
NB: Red scores significantly lower than Total, green score significantly higher than Total. 2011 scores given in brackets.

Base: All, however base sizes differ depending on the number of stakeholders aware of each activity.

7. Measuring routes of complaint

Six out of 10 stakeholders in the 2012 survey (59%) claimed to know who to complain to about the activities of a trading or live company, a significant increase on the 53% seen in 2011. As with the 2010 and 2011 surveys, Insolvency Practitioners were most likely to know who to complain to, with 95% claiming so. Non-institutional Creditors and Company Directors remained significantly less likely to know who to complain to in 2012. Other Stakeholders saw a significant increase in awareness of who to complain to year on year.

Chart 7.1: Know who to complain to about the activities of a trading or live company
(Base: All)



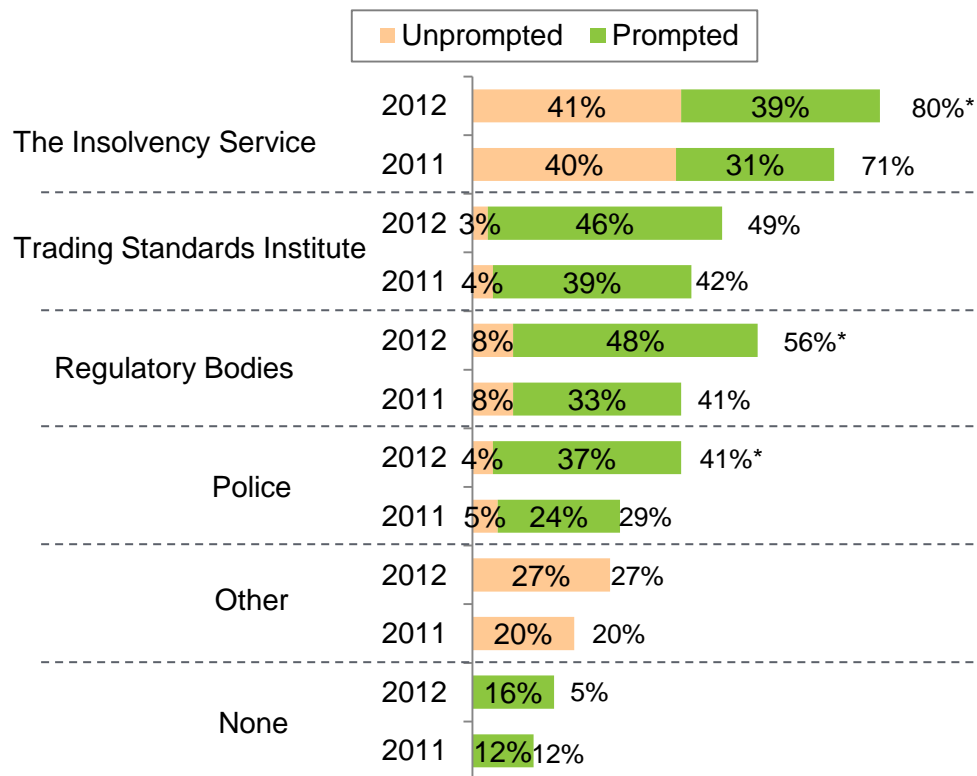
Q5a. Before today, have you known who to complain to about the activities of a trading or live company (for example, a company operating a scam)?

**Significantly different 2012 vs. 2011*

As seen in past studies, respondents that worked directly with The Insolvency Service were again most likely to know who to complain to about the activities of a trading or live company (with 80% claiming so), as were those that had had contact with The Insolvency Service on a weekly (80%) or monthly basis (78%). Respondents with a very good understanding of what The Insolvency Service does (81%) and those aware of all 5 sanctions (80%) were also most likely to know who to complain to.

For the second year there has been a significant increase in stakeholders claiming they would complain to The Insolvency Service about the activities of a trading or live company in 2012, rising from 58% in 2010 to 71% in 2011 to 80% (in 2012) of respondents. The likelihood to cite Regulatory Bodies and the Police have also significantly increased year-on-year.

Chart 7.2: Who they would complain to about the activities of a trading or live company
(Base: All 531)

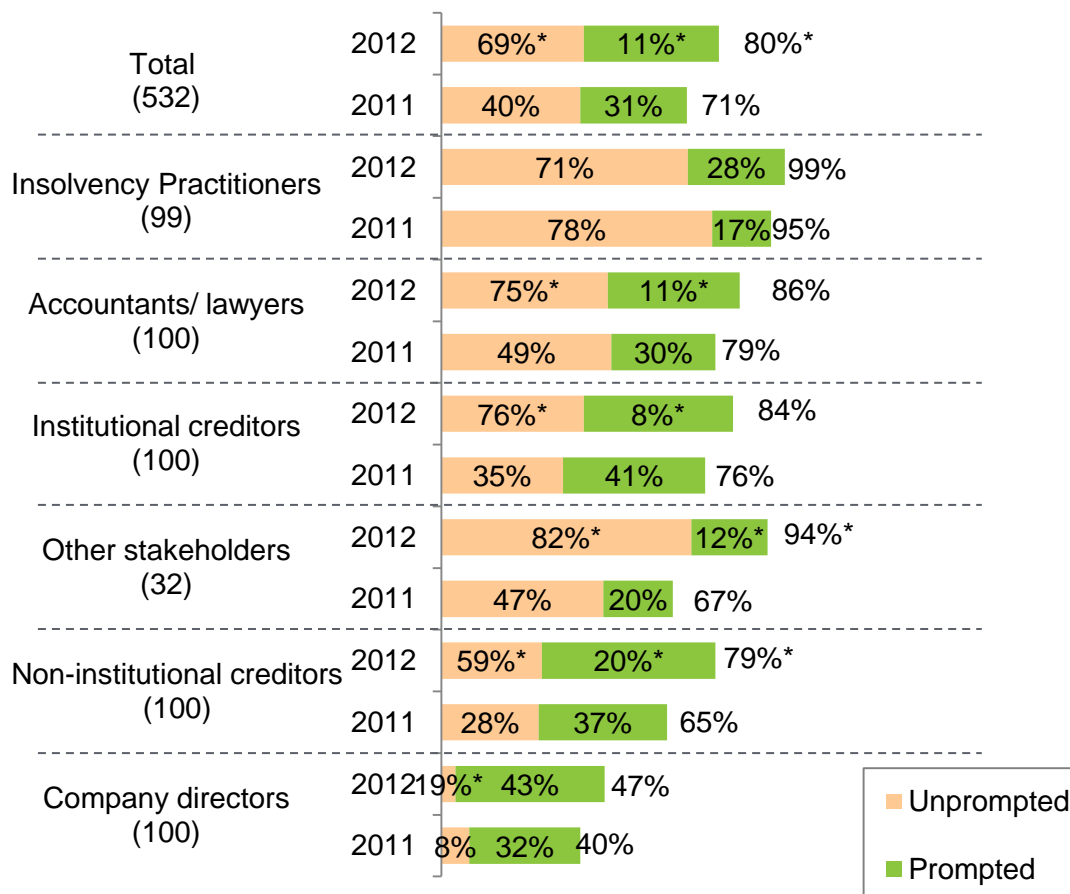


Q5b. Who would that be to? / Q5c. Would you complain about the activities of a trading company to...
*Significantly different 2012 vs. 2011

Please note; caution should be used when interpreting the results in Chart 7.2, as respondents were aware that The Insolvency Service was the sponsor of the research.

Likelihood to complain to The Insolvency Service about the activities of a trading or live company has increased by a significant margin amongst Company Directors and Non-Institutional Creditors; the other sub-groups have all increased but not significantly so.

Chart 7.3: Proportions that would complain to The Insolvency Service
(Base: All)



Q5b. Who would that be to? / Q5c. Would you complain about the activities of a trading company to...

*Significantly different 2012 vs. 2011

When looking at other channels for complaint, Company Directors were significantly more likely to go to the Trading Standards Institute, whilst Accountants/Lawyers were more likely to go to Regulatory Bodies.

Table 7.4: Who they would complain to about the activities of a trading or live company
 (Base: All)

	Total	Institutional creditors	Non-institutional creditors	Insolvency Practitioners	Company Directors	Accountants/lawyers	Other stakeholders
Base	(531)	(100)	(100)	(99)	(100)	(100)	(32)
The Insolvency Service	<u>80%</u> (71%)	84% (76%)	<u>79%</u> (65%)	99% (95%)	47% (40%)	86% (79%)	<u>94%</u> (67%)
Trading Standards	49% (42%)	46% (33%)	56% (49%)	35% (29%)	73% (65%)	41% (38%)	34% (33%)
Regulatory Bodies	<u>56%</u> (41%)	39% (31%)	56% (32%)	60% (49%)	57% (33%)	67% (62%)	56% (40%)
Police	<u>41%</u> (29%)	24% (15%)	51% (26%)	46% (36%)	44% (35%)	40% (37%)	31% (13%)
None	5% (12%)	8% (14%)	6% (17%)	1% (3%)	7% (13%)	2% (10%)	6% (17%)

NB: Red scores significantly lower than Total, green score significantly higher than Total. Underlined scores are significantly different to 2011 2011 scores given in brackets.

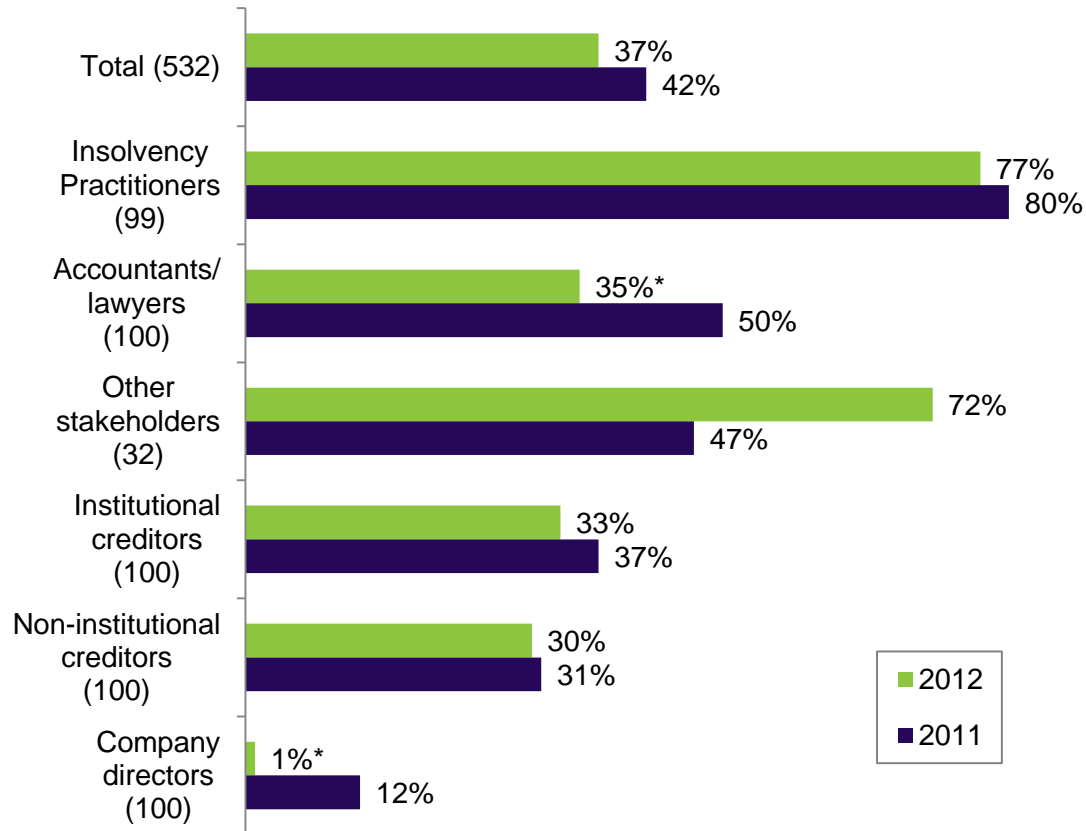
Base: All.

Company Directors were asked two additional questions relating to how they would find out information about how to complain. The most frequently cited sources in 2012 was via the internet (with 17% claiming so), through an accountant (16%) or through a lawyer (16%). Those citing The Insolvency Service has significantly dropped year-on-year from 16% to 4%

- Internet/ website (17% - 18% in 2011)
- Accountant (16% - 16% in 2011)
- Insolvency Service (4% - 16% in 2011)
- Trading Standards Agency (13% - 10% in 2011)
- Solicitor/ Lawyer (16% - 9% in 2011)
- FSB (3% - 5% in 2011)
- Regulatory bodies (0% - 4% in 2011)
- Citizens Advice Bureau (6% - 3% in 2011)
- OFT (3% - 3% in 2011)
- Council (0% - 3% in 2011)
- Business Link (0% - 3% in 2011)
- Police (7% - 2% in 2011)
- FSA (0% - 1% in 2011)
- Companies House (9% - 1% in 2011)
- Consumer Direct (0% - 1% in 2011)
- Others (14% - 13% in 2011)
- Don't know (10% - 12% in 2011).

There continued to be a wide range in the proportion of respondents who knew *how* to complain to The Insolvency Service in 2012; however Accountants/Lawyers and Company Directors felt significantly less sure of how to complain to The Insolvency Service. Insolvency Practitioners were most likely to know how to complain.

Chart 7.5: Know how to complain to The Insolvency Service
(Base: All)



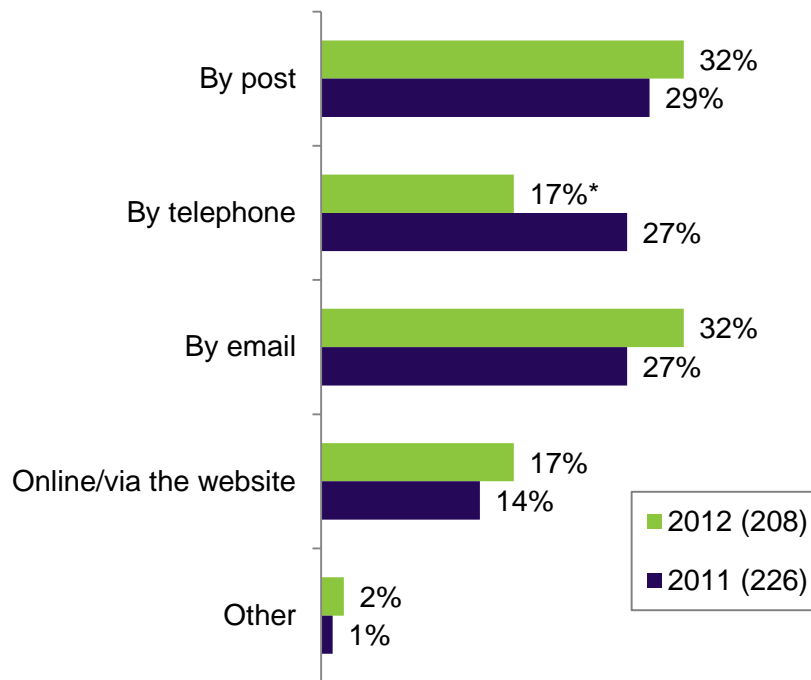
Q6a. Would you know how to complain to The Insolvency Service about the activities of a trading or live company?

**Significantly different 2012 vs. 2011*

Respondents that deal directly with The Insolvency Service were again most likely to know how to complain in 2012 (with 63% claiming so), as were those that had made multiple contact with The Insolvency Service in the past. Respondents with a very good understanding of The Insolvency Service and those aware of all 5 sanctions were also most likely to know how to complain.

The most popular preferred channel in which to complain to The Insolvency Service was split evenly between post, and email in 2012, with telephone significantly declining in preference.

Chart 7.6: Preferred method of making complaint to The Insolvency Service
 (Base: All knowing how to complain)



Q6c. And how would you prefer to make your complaint?

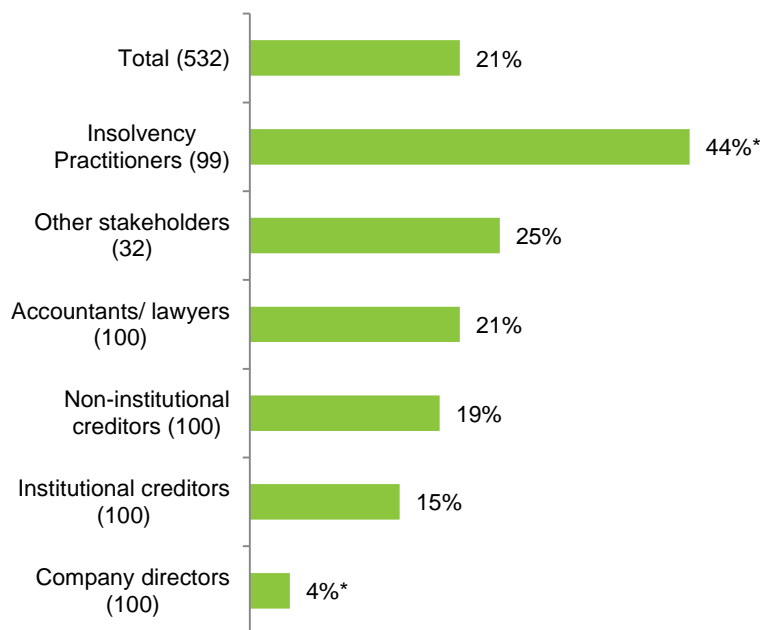
* Significantly different from 2011

8. Communications

This year a series of questions were added to determine levels of awareness and effectiveness of communications. Also covered in this section are types of communications received and preferences on how future information on ‘enforcement matters’ and ‘reporting cases of financial or other wrongdoing’ are communicated to stakeholders.

One in five are aware of recent investigation and enforcement communications from The Insolvency Service in the last three months. Insolvency Practitioners are significantly more likely to be aware than the average stakeholder (44%) and Company Directors are least aware (4%).

Chart 8.1: Awareness of Investigation and Enforcement Communications from The Insolvency Service



(Base: All)

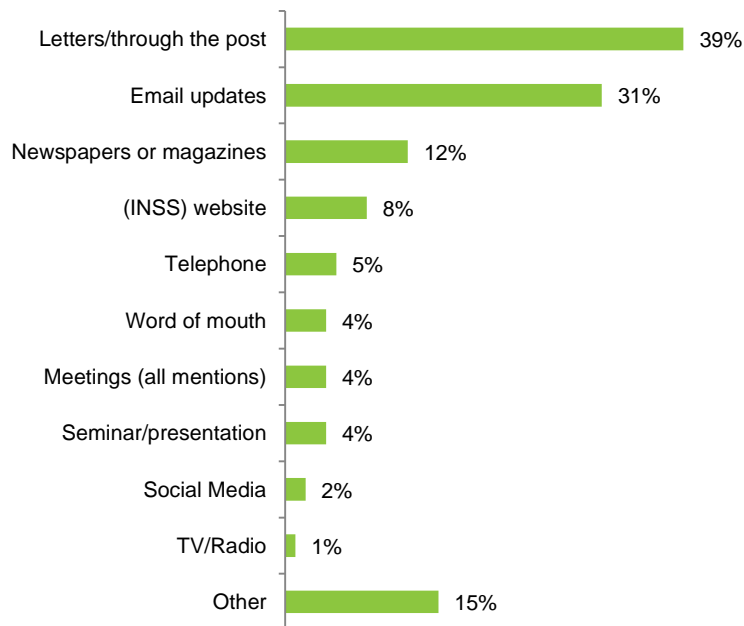
Comms1. Have you seen or heard any communication about investigation and enforcement from The Insolvency Service in the last three months?

**Significantly different from total*

Respondents that work directly with The Insolvency Service were again most likely to be aware of communications (with 35% claiming so), as were those who have frequent contact with The Insolvency Service, or those claiming to have a very good understanding of what The Insolvency Service does.

Amongst those that are aware of recent communications from The Insolvency Service, the most common channel they recall is receiving a letter through the post (39%), followed by an email update (31%) and newspapers/magazines (12%).

Chart 8.2: Types of communication aware of
(Base: 531)



Comms2. What types of communication have you seen or heard?

Due to the low base sizes across the sub-groups, it is not possible to identify any significant differences in awareness of communication types by sub-group.

Table 8.3: Effectiveness of communications from The Insolvency Service
 (Base: All those aware of recent communications from The Insolvency Service)

	Total	Institutional creditors	Non-institutional creditors	Insolvency Practitioners	Company Directors	Accountants/lawyers	Other stakeholders
Base	(113)	(15)	(19)	(44)	(5)	(21)	(8)
Net Effective	60%	80%	68%	52%	94%	48%	63%
Very effective	7%	20%	11%	5%	0%	5%	0%
Fairly effective	52%	60%	58%	48%	94%	43%	63%
Not very effective	32%	20%	21%	41%	6%	43%	25%
Not at all effective	8%	0%	11%	7%	0%	10%	13%

NB: Care must be taken when comparing sub-groups due to the very low base sizes

Other Stakeholders who were aware of communications from The Insolvency Service (8 people) were asked 'how could the communications from The Insolvency Service be more effective?' Comments tended to centre on raising The Service's profile:

'I think they need to communicate to more people and get more stories in the press.'

'Raise profile by attending and presenting at professional events.'

'If they made it known through the national or local press of director's disqualification orders and unacceptable behaviour by companies and directors.'

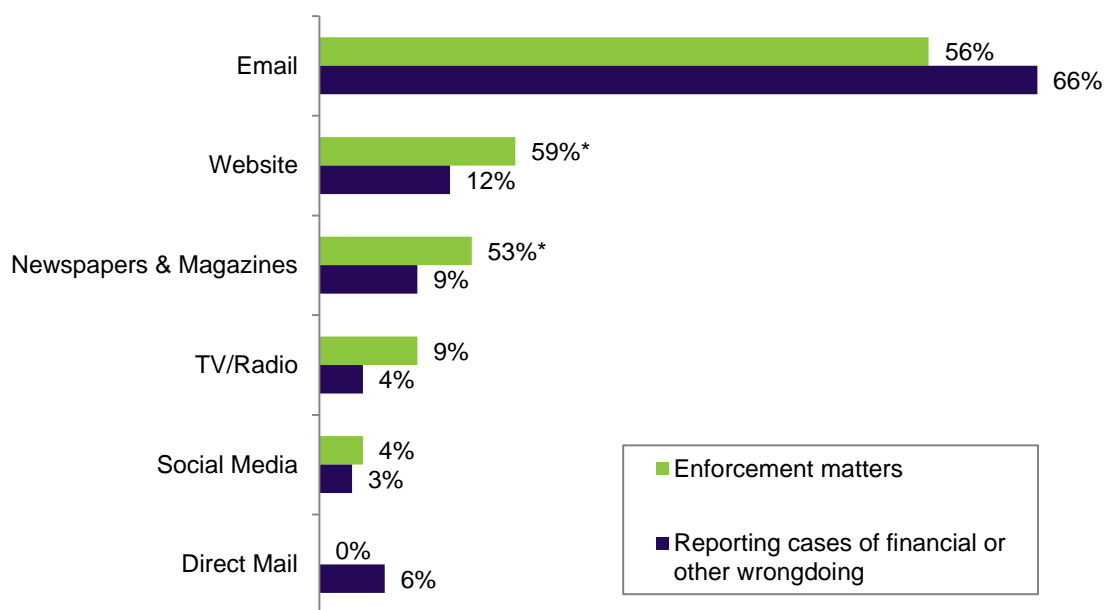
'I feel that they need to make companies more aware of the work they do, and why they are doing it. I feel they should focus their attentions on the companies that cause the greater damage, but should make their processes more known.'

'I think, at times, they could provide you more updates or feedback on where the case is going, or if it is being adopted, particularly if you are the agency that has referred the matter to The Insolvency Service, and often we have to monitor what's going on because it has implications to ourselves as the referring agency. My experience is that you have to, often, chase for those updates.'

'I do think the Insolvency Services website is incredibly difficult to navigate and needs a revamp to make it user friendly and to find out about resources for investigation.'

Email is by far the most preferred tool to communicate information to stakeholders on both enforcement matters and reporting cases of financial wrongdoing (56% and 66% respectively).

Chart 8.4: Communication type preference
(Base: All)



Comms4. How would you prefer information and/or news about enforcement matters to be made available? / And how would you prefer to receive information about reporting cases of financial or other wrongdoing?

**Significantly different from total*

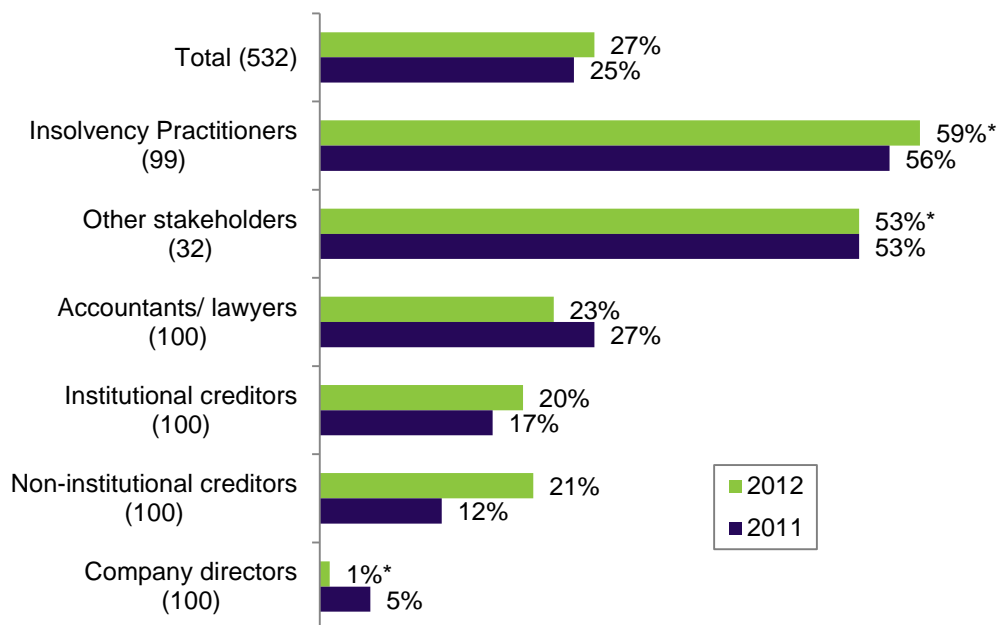
Company Directors are more likely to say they prefer to hear about enforcement matters on the TV/Radio (19%) or via social media (10%), whereas Insolvency Practitioners (68%) and those who work directly with The Insolvency Service (66%) are more likely to prefer email.

Accountants are more likely to prefer to hear about reporting cases of financial or other wrongdoing via a newspaper (18%), Lawyers prefer via the website (26%) and Insolvency Practitioners and Institutional Creditors prefer to find out via email (81% and 78% respectively).

9. Awareness of the Enforcement Hotline

Awareness of The Insolvency Service’s Enforcement Hotline is in line with previous years, standing at just over a quarter of stakeholders (27%) claiming to be aware in 2012 (25% in 2011). Awareness of the Enforcement Hotline remained highest among Insolvency Practitioners and Other Stakeholders, whilst Company Directors remained significantly less likely to be aware.

Chart 9.1: Awareness of Enforcement Hotline
(Base: All)



Q6f. Were you aware that The Insolvency Service runs an Enforcement Hotline?
**Significantly different from total*

Insolvency Practitioners (59%) and respondents that work directly with The Insolvency Service were again most likely to be aware of the Enforcement Hotline (with 53% claiming so), as were those who have frequent contact with The Insolvency Service, or those claiming to have a very good understanding of what The Insolvency Service does.

10. Other Issues

A series of open-ended questions were asked at the end of the survey, to capture thoughts of The Insolvency Service's key strengths and weaknesses. These questions also gave respondents the opportunity to comment on issues that may not have been covered in the rest of the survey.

Key strengths

Half of respondents in 2012 (48%) gave their opinion of what they perceived as The Insolvency Service's key strength, with a variety of points put forward. Between 9-14% of respondents suggested one of the following three areas:-

Good/ thorough/ efficient/ straightforward service

'From what I deal with they seem very good, the paperwork I get shows that they know what they are doing.' (Non-Institutional Creditor)

'Overall, I would say they are quite effective. I think they could be a little bit stronger on un-discharged bankrupts by ensuring they are bought before the official receiver or courts to explain themselves, and also, to scrutinise directors who have had multiple companies that have only traded for a short period of time.' (Institutional Creditor)

'I generally think they try and do a very good job. I think that their people seem to be well trained.' (Insolvency Practitioner)

Legislation/ regulatory powers/ have powers available to them

'I think the fact that they are the Government gives them credibility. I think they have a good network of supporting professionals, lawyers and accountants to help them in their exercise.' (Insolvency Practitioner)

'The key area or strength is that, when they decide to act, they have the power to act. They do have the necessary power, that's the key thing.' (Insolvency Practitioner)

Good/ thorough monitoring/ investigations/ checks

'I think their investigations are good quality and thorough, but I am aware that the ability to investigate is restricted.' (Insolvency Practitioner)

'They seem to be very good when a case is passed to them, I am confident that the case is investigated thoroughly, and support is given to the creditor.' (Institutional Creditor)

Key weaknesses

An apparent lack of resource was an often-cited weakness of The Insolvency Service, mentioned by a third of Insolvency Practitioners. Other issues raised by this group included a lack of manpower and underfunding (mentioned by 19%). 'Poor/ lack of/ slow information/ communication/ instructions/ reports' and 'Directors/ companies struck off then open up again (quickly)/ under different trade name' were more likely to be mentioned by Institutional Creditors.

Lack of resources/manpower

'I think that it is under resourced and there is a lack of willingness to use the powers reported to them.' (Insolvency Practitioner)

'Probably lack of resource, and trying to achieve focus on the most effective use of the resource and targeting the worst offenders. Sometimes, we see that people that they are pursuing aren't necessarily the worst offenders.' (Insolvency Practitioner)

'They have not got the resource to investigate every director or company that comes to their attention, therefore they will have to probably point score each case, which will mean some directors or companies will get away with it.' (Institutional Creditors)

'I think that they don't have sufficient resources in terms of manpower and finances to carry out an effective investigation. I think they are severely limited.' (Non-Institutional Creditors)

'They do not have enough staff to carry out all the matters that Insolvency Practitioners feel they should be doing. What is below the radar for them is important to us. My complaint is just that they don't take enough cases.' (Insolvency Practitioner)

'Lack of resources and I have a feeling that sometimes, if it is something they consider to be a small case, they aren't interested, they want to target the bigger cases.' (Insolvency Practitioner)

Low profile/ need to promote/ publicise themselves more

'Probably not in the public domain so much, they probably need to heighten their profile somewhat.' (Insolvency Practitioner)

'Their lack of publicity about successful prosecutions and enforcement activity which would act as a deterrent to others.' (Institutional Creditor)

'The fact nobody knows about them is a key weakness. I didn't know about them until someone called. If you don't know about a service, you can't use it.' (Company Director)

'A weakness is the fact that I'm not aware of the full range of services that the Insolvency Service does.' (Company Director)

Key issues The Insolvency Service should concentrate on over the next 12 months

Other Stakeholders were asked an additional open-ended question at the end of the survey, to outline the key areas The Insolvency Service needs to concentrate on in the coming 12 months.

A variety of suggestions were put forward in 2012, often as a result of the wide range of dealings the Other Stakeholders have had with The Insolvency Service. One area mentioned is to target larger companies and to streamline the service and focus resource into investigation rather than policies and regulations.

'I think they need to throw more resource at individuals who breach, in any way, the Bankruptcy Restrictions Order and to investigate more fully those bankruptcies where the individuals may have some culpability, where Bankruptcy Restrictions might be appropriate. I think people are slipping through the net, basically, that worries me.'

'It should concentrate most of its budget and activity on conducting proper investigations of the assets and liabilities of bankrupts and insolvent companies, and should concentrate fewer resources on policy and regulations.'

'I think they should focus on director disqualification, Bankruptcy Restriction Orders and taking action against live companies which is in the public interest to wind up.'

'I think that they should actually strip down the service and look at the powers that they have and prioritise what they can do and use these effectively, which probably means taking a smaller number of cases. They do have to use powers or those powers will be regarded as not having any impact on people's behaviour.'

'Also, they need to get more of a public and media profile on the action they are taking. They need to get it out in the press that if you screw up as a director or whatever that you will suffer for it. They also need to make sure that they do not keep waiting for people to mess up multiple times. It should just be a one strike system rather than you being allowed to mess up once, and then again and again.'

'I think they need to look at the processes that they adopt in an investigation. Maybe try and put more resource in investigation work and perhaps streamline the process of the initial information gathering. I am thinking about Disqualification D forms here, which the insolvency practitioners fill in.'

'I think they should not let up in any way their tightness and enforcement. I think they make very certain they do not weaken the gravitas of their enforcement powers and to [also] keep balance of commercial and consumers. It is not always an easy balance to keep.'

'I suppose you have got to go for your quick wins, which keep the public perception of it being a valuable service. Really it's the in depth serial offenders. I think big businesses like [COMPANY NAME REMOVED], they continue to trade even though it was fairly obvious the business was insolvent. Something needs to be flagged earlier that companies are in difficulty.'

Appendices

Appendix A: The Questionnaire



Laystall House
8 Rosebery Avenue
London, EC1R 4TD
020 7843 9777

C1 3	C2 9	C3 7	C4	C5	C6	C7 1
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The Insolvency Service Confidence Survey 2012 1397/jp

Sample

Institutional creditors	1
Non-institutional creditors	2
Insolvency Practitioners	3
Company Directors	4
Accountants	5
Solicitors	6
Other stakeholders	7

Getting through

IF SAMPLE=3 OR 7 (NAMED CONTACT KNOWN)

Can I please speak to [named respondent]?

If [named respondent] unavailable find out when they will next be available.

IF SAMPLE=1 OR 2 (CREDITORS)

Can I please speak to:

The company's Credit Controller / credit assistant (with knowledge of Insolvency Service) / credit case worker (with knowledge of Insolvency Service)?

Get connected	1	CONTINUE
No in-house position	2	THANK AND CLOSE

IF SAMPLE=4 (COMPANY DIRECTORS)

Can I please speak to the Managing Director?

If Managing Director unavailable find out when they will next be available or ask for:

1. The Financial Director
2. Another Company Director (Note: must be a Company Director, not simply a 'regular director')

IF SAMPLE=5 OR 6 (PROFESSIONALS)

Can I please speak to:

A Senior Partner/Partner or any fully trained [accountant **IF SAMPLE=5**; solicitor **IF SAMPLE=6**] that undertakes insolvency work]?

- | | | |
|----------------------|---|------------------------|
| Get connected | 1 | CONTINUE |
| No in-house position | 2 | THANK AND CLOSE |

Introduction

Good morning/afternoon, I am [interviewer name] from SPA Future Thinking. We are carrying out a survey on behalf of The Insolvency Service; you should have received a letter informing you of the study. Would you be able to help us by answering a few questions about The Insolvency Service?

IF SAMPLE=4 (COMPANY DIRECTORS) READ OUT

Activities carried out by The Insolvency Service are intended to affect all businesses, not just those directly involved with insolvency, by deterring and stopping financial wrongdoing.

As a Company Director, you may at some point experience one of the negative effects associated with financial wrongdoing such as:-

- a competitor having an unfair advantage by not paying tax or who consistently sell goods at below cost price
- a business owing you money having contracted the debt after the point when they become insolvent
- experiencing individuals who engage in business when they are prohibited from doing so or who conceal or falsify their identities.

Even if you had little or no knowledge of the Service before today, we would appreciate your time, to understand how best to educate individuals such as yourself in ways to keep informed of, or report occasions of, financial wrongdoing in the marketplace.

MAKE APPOINTMENTS IF NECESSARY (IF SO MAY NEED TO GET A NAME TO CALL BACK)

IF NECESSARY

- The survey is confidential and bona fide market research which is conducted under the Market Research Society Code of Conduct, it does not include any selling and is purely to understand how effectively The Insolvency Service is delivering to your expectations.
- All information you provide to this research will be treated in strict confidence and reported back to the Insolvency Service on a collective and anonymous basis.

- A. Did you receive a letter from The Insolvency Service about this study?
- | | | |
|-----|---|------------------------|
| Yes | 1 | |
| No | 2 | OFFER TO RESEND |

IF ASKED:

- B. It will take about [15 minutes **IF SAMPLE=1-6**; 25 minutes **IF SAMPLE=7**]. Is it convenient now?
- | | | |
|--------------------|---|--------------------------|
| Yes | 1 | CONTINUE |
| Not convenient now | 2 | MAKE APPOINTMENT |
| Refused | 3 | THANK & CLOSE |

IF SAMPLE TYPES 1-3 OR 5-7 (ALL EXCL. COMPANY DIRECTORS)

- D. [And] does your work involve dealing with The Insolvency Service? Would you say you...
- | | | |
|---|---|-----------|
| Work directly with The Insolvency Service | 1 | QG |
| Carry out work that is under The Insolvency Service's remit, but with little or no direct contact | 2 | QG |
| Have (had) other dealings with The Insolvency Service | 3 | QG |
| Have no dealings or relationship with them | 4 | |
- THANK & CLOSE**

IF SAMPLE TYPE 4 (COMPANY DIRECTORS)

- E. And how many employees does your company have, across all UK sites?
- | | | |
|--------|---|--------------------------|
| None | 1 | QF |
| 1-4 | 2 | QF |
| 5-9 | 3 | QF |
| 10-49 | 4 | QF |
| 50-249 | 5 | QF |
| 250+ | 6 | THANK & CLOSE |
- F. Before [receiving the letter about this survey **IF QA=1**; today **IF QA=2**], were you aware of The Insolvency Service?
- | | | |
|-----|---|-----------|
| Yes | 1 | QG |
| No | 2 | QG |

READ OUT TO ALL

- G. **[IF ALREADY HAVE DEALINGS WITH INSS – You may already be aware but for clarity,]**
 The Insolvency Service carries out a range of investigation and enforcement activities aimed at supporting fair and open markets and, where necessary, takes steps to remove from those markets individuals whose conduct is not in the public interest.

The principal sanctions available to The Service are:

- Bankruptcy or Debt Relief Restrictions Orders and Undertakings
- Suspensions of discharge
- Disqualification Orders and Undertakings
- Reporting to a prosecution authority in respect of allegations of criminality
- Winding up live companies when it is in the public interest

The questionnaire

Section 1: Confidence in the INSS' investigation and enforcement

ASK ALL

Q1. Given what you know and have heard about The Insolvency Service, would you rate your understanding of their activities as... **READ OUT. SINGLE CODE**

Very good	1
Fair	2
Poor	3
Very poor	4

Q2a. How CONFIDENT are you that, given the pressure upon public expenditure, The Insolvency Service correctly targets and takes action against the culpable, that is individuals or directors of companies whose conduct merits enforcement action.

Are you **READ OUT. SINGLE CODE**

Very confident	1	Q2Ai
Quite confident	2	Q2Ai
Not very confident	3	Q2Aii
Not at all confident	4	Q2Aii
DON'T KNOW (DO NOT READ OUT)	5	Q2B

Q2ai. Why do you say that? What makes you particularly confident in The Service?

PROBE FULLY. WRITE IN FULL VERBATIM

GO TO Q2Aiii

Q2aai. Why do you say that? What makes you lack confidence in The Service?

PROBE FULLY. WRITE IN FULL VERBATIM

Q2aiii. How could The Service improve your confidence in them? **PROBE FULLY.**

WRITE IN FULL VERBATIM

Q2b. How effective do you think the Insolvency Service is, in addressing or stopping commercial wrongdoing by live companies? Would you say it's... **READ OUT. SINGLE CODE**

Very effective	1
Quite effective	2
Not very effective	3
Not at all effective	4
DON'T KNOW (DO NOT READ OUT)	5

Section 2: Effectiveness of sanctions

Q3a. Before today, which of the following sanctions available to The Insolvency Service were you aware of? **CODE ALL THAT APPLY**

- | | |
|---|---|
| Bankruptcy or Debt Relief Restrictions Orders and Undertakings | 1 |
| Suspensions of discharge | 2 |
| Disqualification Orders and Undertakings | 3 |
| Reporting to a prosecution authority in respect of allegations of criminality | 4 |
| Winding up live companies when it is in the public interest | 5 |
| None | 6 |

IF NONE AT Q3A SKIP TO Q4. OTHERS GO TO Q3B.

READ OUT

For each of these primary sanctions you are aware of, I would like to ask how effective you think that sanction is in deterring and stopping financial wrongdoing.

Q3bi. So, how effective do you think [**1st ANSWER AT Q3A/Q3Ai**] is, in deterring and stopping [individual **IF Q3A=1**; commercial **IF Q3A=2-4**] wrongdoing or abuse of the insolvency or corporate regimes by individuals and directors of companies?

Q3bii. And how effective do you think [**2nd ANSWER AT Q3A/Q3Ai**] is in deterring and stopping [individual **IF Q3A=1**; commercial **IF Q3A=2-4**] wrongdoing?

CONTINUE UNTIL ALL ANSWERS AT Q3A HAVE BEEN ASKED.

Q3b. Would you say it is... **READ OUT. SINGLE CODE**

- | | |
|-------------------------------------|----------|
| Very effective | 1 |
| Quite effective | 2 |
| Not very effective | 3 |
| Not at all effective | 4 |
| DON'T KNOW (DO NOT READ OUT) | 5 |

SANCTIONS:

- i. Bankruptcy or Debt Relief Restrictions Orders and Undertakings
- ii. Suspensions of discharge
- iii. Disqualification Orders and Undertakings
- iv. Reporting to a prosecution authority in respect of allegations of criminality
- v. Winding up live companies when it is in the public interest

Section 3: Testing prioritisation

ASK ALL

Misconduct by some individuals, companies and directors has an effect on legitimate business and distorts the market. The Insolvency Service seeks to promote behaviours which support a fair market by taking action against those whose conduct may adversely affect the market. I'd like to read out 5 possible areas where action by the Service is designed to support a fair and legitimate market. Given that resources are finite, The Insolvency Service would like to know how important each outcome is to you to inform the focus of their investigation and enforcement activities. They would also like to know how effective you consider The Service to be at promoting each outcome.

Q4a. And how important is it to you for The Insolvency Service to take enforcement action to:

- i. Promote fair competition and a level playing field for business (taking action against businesses not paying tax or consistently selling goods below cost price)
- ii. Promote fair treatment of customers and creditors (taking action against those operating scams or creating greater losses to creditors by trading or borrowing money past the point of insolvency)
- iii. Promote transparency of business ownership (taking action against those trading when they are prohibited from doing so or those concealing or falsifying their identities)
- iv. Promote proper structures and systems in businesses, such as accurate accounting records (taking action against those who neglect their responsibilities as directors or business owners)
- v. Ensure that the insolvency and corporate regimes are not abused (taking action against those who have received debt relief but have breached the conditions of bankruptcy, or who have breached statutory requirements or undertakings they have made to the Court)

Would you say it is... **READ OUT. SINGLE CODE**

Very important to me	1
Quite important to me	2
Not very important to me	3
Not at all important to me	4
Don't know (DO NOT READ OUT)	5

Q4b. And how effective do you think The Service is in carrying out activities that promote...

Would you say it is... **READ OUT. SINGLE CODE**

Very effective	1
Quite effective	2
Not very effective	3
Not at all effective	4
DON'T KNOW (DO NOT READ OUT)	5

READ OUT. ROTATE

- i. Promote fair competition and a level playing field for business
- ii. Promote fair treatment of customers and creditors by insolvent businesses and individuals

- iii. Promote transparency of business ownership
- iv. Promote proper structures and systems in businesses, such as accurate accounting records
- v. Ensure that that the insolvency and corporate regimes are not abused.

INTERVIEWER NOTE: PLEASE REFER TO SEPARATE SHEET FOR FULL DETAILS OF READOUT LIST

IF CODE 3 OR 4 IN Q4B ASK Q4D. ASK A MAXIMUM OF 2 TIMES IF SAMPLE=1-6

Q4d. And how could The Service be more effective at carrying out activities that [Q4B]?

PROBE FULLY. WRITE IN FULL VERBATIM INTERVIEWER NOTE: IF RESPONDENT THINKS MORE THAN TWO OPTIONS ARE NOT EFFECTIVE AT Q4B, ASSURE THEM THEY WILL ONLY HAVE TO ANSWER THIS QUESTION TWICE.

- Q4e. Out of the five outcomes, which would you say was the most important?
- i. Promote fair competition and a level playing field for business
 - ii. Promote fair treatment of customers and creditors by insolvent businesses and individuals
 - iii. Promote transparency of business ownership
 - iv. Promote proper structures and systems in businesses, such as accurate accounting records
 - v. Ensure that that the insolvency and corporate regimes are not abused.

INTERVIEWER NOTE: PLEASE REFER TO SEPARATE SHEET FOR FULL DETAILS OF READOUT LIST

Section 4: Measuring routes of complaint

ASK ALL

Q5a. Before today, have you known who to complain to about a disqualified director acting in the management of a limited company, an undischarged bankrupt acting in the management of a limited company, or the activities of a trading or live company?

Yes	1	Q5B
No	2	Q5C

Q5b. Who would that be to? Anyone else? **PROBE FULLY. DO NOT READ OUT**

Trading Standards Agency	1
Police	2
Regulatory Bodies e.g. ICAEW	3
The Insolvency Service	4
Other (specify)	5

Q5c. [Can I just check,] would you complain about the activities of a trading company or a disqualified director acting in the management of a limited company, or an undischarged bankrupt acting in the management of a limited company to...

READ OUT. EXCLUDE ANY MENTIONED IN Q5b. ROTATE.

The Trading Standards Agency	1
The Police	2
Regulatory Bodies e.g. ICAEW	3

The Insolvency Service	4
None of the above	5

IF SAMPLE=4 (COMPANY DIRECTORS) ASK Q5D. OTHERS GO TO Q6A

Q5d. Who would you go to for more information about businesses operating illegally, or to report financial or other wrongdoing? **PROBE FULLY. WRITE IN FULL VERBATIM**

ASK ALL

Q6a. Would you know how to complain to The Insolvency Service about a disqualified director acting in the management of a limited company, an undischarged bankrupt acting in the management of a limited company or the activities of a trading or live company?

Yes	1	Q6B
No	2	Q6D

Q6b. How did you find out about how to complain? **PROBE FULLY. WRITE IN FULL VERBATIM. [INTERVIEWER NOTE: TAKE DOWN FULL METHOD OF FINDING OUT E.G. TV/PRESS/RADIO ETC]**

Q6c. And how would you prefer to make your complaint? **DO NOT READ OUT**

By telephone	1
Online/ via the website	2
By email	3
By post	4
Other – (SPECIFY)	5

Q6f. Were you aware that The Insolvency Service runs an Investigation Hotline? Its purpose is for reporting possible misconduct by disqualified directors, undischarged bankrupts or individuals subject to a Bankruptcy or Debt Relief Restrictions Order or to complain about a company or the conduct of a director of a company that is still trading.

Yes	1
No	2

Section 6: Other measures

ASK ALL

Q7a. Overall, what do you think are The Insolvency Service's key areas of strength regarding investigation and enforcement? **PROBE FULLY. WRITE IN FULL VERBATIM**

Q7b. And what do you think are The Insolvency Service's key weaknesses regarding investigation and enforcement? **PROBE FULLY. WRITE IN FULL VERBATIM**

IF SAMPLE=7 (OTHER STAKEHOLDERS) ASK Q7CII. OTHERS GO TO Q7D

Q7cii Besides any issues we may have already discussed, what, if any, do you consider to be the key issues upon which The Insolvency Service's should prioritise their resources and concentrate on over the next 12 months in order to

ensure that they meet their overall objectives whilst having a finite budget?

PROBE FULLY. WRITE IN FULL VERBATIM

Q7d. Taking everything into account, how confident are you overall with The Insolvency Service's investigation and enforcement regime?

- | | |
|---------------------------------------|---|
| Very confident | 1 |
| Quite confident | 2 |
| Not very confident | 3 |
| Not at all confident | 4 |
| DON'T KNOW (DO NOT READ OUT) | 5 |

Q7e. Given the pressures of a finite resource available, would your confidence in the Insolvency Service be improved if... **READ OUT. SINGLE CODE**

1. They took action in as many cases as possible, ever if this means not doing some big, resource-intensive cases, or
2. They took action in a smaller number of cases, but where harm has been greatest
3. A combination of the two (**DO NOT READ OUT**)
4. Don't know (**DO NOT READ OUT**)

Section 7: Communications questions

ASK ALL

COMMS1 Have you seen or heard any communication about investigation and enforcement from The Insolvency Service in the last three months?

1. Yes
2. No (SKIP TO COMMS4)

ASK ALL WHO HAVE SEEN OR HEARD COMMS (CODE 1 @ COMMS1)

COMMS2 What types of communication have you seen or heard? **DO NOT READ OUT BUT PROBE**

1. [INSS] website
2. Email updates
3. TV/Radio
4. Newspapers or magazines
5. Social Media
6. Other – (PLEASE SPECIFY)

COMMS3 How effective do you think The Insolvency Service is at providing information or news on investigation and enforcement matters?: **READ OUT**

1. Very effective
2. Fairly effective
3. Not very effective
4. Not at all effective

ASK OTHER STAKEHOLDER GROUP ONLY

COMMS3B. How could the communications from The Insolvency Service be more effective?

ASK ALL

COMMS4 How would you prefer information and/or news about enforcement matters to be made available? [READ OUT] OR [DO NOT READ OUT BUT PROBE]:

1. Newspapers & magazines
2. TV/radio
3. Social media
4. Website
5. Email

COMMS4a And how would you prefer to receive information about reporting cases of financial or other wrongdoing? [READ OUT] OR [DO NOT READ OUT BUT PROBE]:

1. Newspapers & magazines
2. TV/radio
3. Social media
4. Website
5. Email

Section 8: Classification questions

Finally, I just have a few questions for classification purposes.

C12. How frequently have you personally had dealings with the Insolvency Service in the past year?

Daily	1
Weekly	2
Monthly	3
Less often	4

C3. How long have you had dealings with the Insolvency Service?

Under 1 year	1
1 to 3 years	2
Over 3 to 5 years	3
Over 5 years to 10 years	4
Over 10 years	5
DON'T KNOW (DO NOT READ OUT)	6

C4. Can I just confirm what type of organisation you work for? **READ OUT IF NECESSARY. SINGLE CODE.**

Accountancy	1
-------------	---

Solicitors	2
Public limited company	3
Private limited company	4
Partnership	5
Sole trader	6
Insolvency practitioner	7
Local Authority	8
Non-bank creditor	9
Public body (specify)	10
Other (specify)	11

IF NOT SAMPLE TYPE 4 (ALL EXCL. COMPANY DIRECTORS)

C6. How many employees does your company have, across all UK sites?

None	1
1-4	2
5-9	3
10-49	4
50-249	5
250+	6
DON'T KNOW (DO NOT READ OUT)	7

C7. Finally, if SPA Future Thinking conducts any future research on behalf of The Insolvency

Service, would you be willing to take part again?

Yes	1
No	2

THANK AND CLOSE

Thank you very much for taking part in this survey. You have been interviewed by SPA Future Thinking on behalf of The Insolvency Service. Your responses will be combined with others and not identified individually unless you give your permission. Are you happy for your answers to be attributed to you, or would you prefer them to remain anonymous?

Yes, happy to be attributed	1
No, prefer to remain anonymous	2

GEN. Take down gender

For further information on the Insolvency Service please visit <http://www.bis.gov.uk/insolvency>

Appendix B: The Letter



CONTACT/ POSITION
ORGANISATION
ADDRESS 1
ADDRESS 2
ADDRESS 3
ADDRESS 4
ADDRESS 5
Post code

Your ref: 1397/[2012 serial] Please quote this in any reply
Our ref: Customer Service Team
Direct line: 020 7637 6387
e-mail: jag.saroe@insolvency.gsi.gov.uk
Date: [Enter Date.]

Vicky Bagnall
Director of Strategy Planning and Finance
Investigation and Enforcement Services
The Insolvency Service
4 Abbey Orchard Street
London
SW1P 2HT

Tel: 020 7637 1110

DX address : DX 120875
DX exchange: Victoria 18

For more information on the Insolvency
Service please visit
<http://www.bis.gov.uk/insolvency>

Dear Sir / Madam

Confidence Survey

I am writing to ask for your assistance. The Insolvency Service is currently measuring levels of confidence that key stakeholders and businesses have in the ability of The Insolvency Service to identify and sanction those responsible in cases of misconduct. To achieve this we have commissioned SPA Future Thinking, an independent market research agency to undertake a study on our behalf.

During November you may be contacted by an SPA Future Thinking interviewer on the telephone. The interview will be short, lasting approximately 15 minutes, and will include questions about your perceptions of The Insolvency Service. It will not explore any personal or sensitive accounting issues and you need not prepare anything in advance of taking part in the survey.

The 2011 stakeholder survey provided us with valuable information about stakeholder confidence in the effectiveness of our investigation and enforcement regime, which is a key Published Target, and has informed our planning process. It also helped us to inform our stakeholders about what we are doing, why we are doing it and how we are planning to prioritise our casework.

As with all Insolvency Service research, interviews will be conducted in strict accordance with the Market Research Society Code of Conduct, ensuring your responses are kept anonymous unless you give your express permission for your answers to be attributed to you and your company.

If there is a particular time that you are available and would like to arrange an appointment to be contacted, or if you do not wish to be contacted in relation to this study please send an email, quoting your reference number 1397/[2012 serial] as the subject line, to Jim.Parkinson@spafuturethinking.com.

The Insolvency Service work is heavily dependent on research such as this to ensure we deliver high quality services that are relevant to your business. If you are invited to participate, I very much hope you will be able to spare the time to take part. Your assistance would be greatly appreciated and the information you provide will be of real value.

Yours sincerely



Vicky Bagnall
Director of Strategy Planning and Finance
Investigation and Enforcement Services



CONTACT/ POSITION
ORGANISATION
ADDRESS 1
ADDRESS 2
ADDRESS 3
ADDRESS 4
ADDRESS 5
Post code

Vicky Bagnall
Director of Strategy Planning and Finance
Investigation and Enforcement Services

The Insolvency Service
4 Abbey Orchard Street
London
SW1P 2HT

Tel: 020 7637 1110

DX address : DX 120875
DX exchange: Victoria 18

For more information on the Insolvency
Service please visit
<http://www.bis.gov.uk/insolvency>

Your ref: 1397/[2012 serial] Please quote this in any reply
Our ref: Customer Service Team
Direct line: 020 7637 6387
e-mail: Jag.Saroe@insolvency.gsi.gov.uk
Date: [Enter Date.]

Dear Sir / Madam

Confidence Survey

I am writing to ask for your assistance. The Insolvency Service is currently measuring levels of confidence that key stakeholders and businesses have in the ability of The Insolvency Service to identify and sanction those responsible in cases of misconduct. To achieve this we have commissioned SPA Future Thinking, an independent market research agency to undertake a study on our behalf.

From 3 November you may be contacted by an SPA Future Thinking interviewer on the telephone. The interview will be short, lasting approximately 25 minutes, and will include questions about your perceptions of The Insolvency Service. It will not explore any personal or sensitive accounting issues and you need not prepare anything in advance of taking part in the survey.

The 2011 stakeholder survey provided us with valuable information about stakeholder confidence in the effectiveness of our investigation and enforcement regime, which is a key Published Target, and has informed our planning process. It also helped us to inform our stakeholders about what we are doing, why we are doing it and how we are planning to prioritise our casework.

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Insolvency Service work is heavily dependent on research such as this to ensure we deliver high quality services that are relevant to your business. If you are

invited to participate, I very much hope you will be able to spare the time to take part. Your assistance would be greatly appreciated and the information you provide will be of real value.

Yours sincerely



Vicky Bagnall
Director of Strategy Planning and Finance
Investigation and Enforcement Services

Appendix C: Weighting and analysis

Weights

Weighting was applied in two situations in this study. For Company Directors, quotas were applied by company size, over-sampling larger SMEs, and were weighted for analysis to be representative of SMEs in England and Wales.

Table C1: Weighting criteria of Company Directors

Number of employees	Number of businesses (England/Wales)	Percentage breakdown (England/Wales)	Weighting factors
No employees -4	3,757,920	91%	4.53941
5-9	201,155	5%	0.24299
10-19	100,515	2%	0.18687
20-49	54,185	1%	
50-99	16,855	>1%	0.03073
100-199	7,195	>1%	
200-249	1,390	>1%	
All SMEs	4,139,215	100%	-

BIS 2010 SME statistics for the UK¹

Statistical confidence

At various points in the report, results are described as significantly different. These are tested by standard statistical formulae. Where significant, we can be 95% confident that the differences are real and did not occur by chance or sampling error.

'Don't knows'

Throughout the results there is a high proportion of 'Don't know' responses. Generally these have been left in the analysis, as it allows for the understanding of the proportion of the whole population. However, where relevant we have also provided figures excluding 'Don't knows'. Wherever this is the case it is clearly identified.

¹ <http://www.bis.gov.uk/analysis/statistics/business-population-estimates>

Appendix D: Comments surrounding prioritisation of resource

The small numbers of stakeholders believing The Insolvency Service to be ineffective in carrying out activities that promote each outcome surrounding prioritisation of resource (see Section 6) were asked the reasons why they thought it ineffective, and where possible, gave suggestions for improvement. The following pages outline verbatim responses of respondents.

Promote fair competition and a level playing field for business

Some stakeholders feel that this is not The Insolvency Service's role or remit: .

'My honest answer would be that I don't know that that is a role for the Insolvency Service to undertake. How could they do more? I think the issue, is that they need to have tougher sanctions that can actually stop the 'crooks' from continuing.'
(Insolvency Practitioners)

'Part of my concerns are that I'm not convinced it's in the remit of the Insolvency Service to promote competition per say, but could be part of the remit to prevent abuse of the market...' (Insolvency Practitioners)

'I suppose the answer would be to focus their activities on insolvency related matters and leave other prosecuting authorities or agencies to deal with the issues that fall under their remit. So, for example, Companies House to monitor filing of accounts and, for example, Trading Standards to deal with the issues of live companies and complaints by the public..' (Insolvency Practitioners)

'The bigger question is - is it the role of the Insolvency to do that, or is it the market's role?.' (Company Director)

Communications / Promotion of The Service is another area that could be improved in terms of promoting fair competition.

'They need to have more of a presence, to promote what they are doing more. It's very difficult for them as now the legislation has changed as it's been made very easy for people to be made insolvent now, and they're just dealing with the outcome of it..' (Institutional Creditor)

'I think businesses need to be more aware of the existence of the service and the powers they have to investigate, but I do not really know how they would do that. Road shows are not effective because if people are doing something wrong then they are not interested in attending anyway..' (Non-Institutional Creditor)

'The promotion aspect is key, a lot of work is going on but people don't know about it. I know about it because I work in the profession but others don't. How you get that into the public domain, I don't know. Maybe companies house communications, utilising others communication to try and keep the cost down. Where sanctions are successfully taken, they should make a big splash about that in terms of PR and press.' (Company Director)

'Just probably more publicity for what their service offers, if normal people could get information of who to turn to when they come across wrongdoing, whether it be trading standards or The Insolvency Service.' (Other Stakeholder)

Promote fair treatment of customers and creditors by insolvent businesses and individuals

There is a lack of awareness of The Insolvency Service promoting fair treatment among those feeling there is a lack of effectiveness in this area. For example:-

'I think probably by making people more aware of their rights and ability to complain to the insolvency service of they think there's wrongdoing.' (Company Director)

'The services could be more accessible, you should be identifying how you can be helpful to business. The rules should be there to stop malicious activities by directors, The Insolvency Service should be stricter in general.' (Company Director)

'I think they could improve by putting any action they take into the public domain because then this would make people take notice and it acts as a warning to other companies.' (Non-Institutional Creditor)

There is also a feeling that the communication of reports and other information could be improved:-

'I think that The Insolvency Service needs to strengthen its liaisons with and services to creditors and consumers.' (Lawyer)

'The dissemination of more information is an answer but where does it go is the question. It needs to be freely accessible so that companies can look it up and see what particular person is up to and what they have been involved with. But I appreciate that it is difficult to do.' (Non-Institutional Creditor)

Promote transparency of business ownership

Stakeholders feel that the communication of reports and other information could be improved:-

'I think I would personally like to see more publically available documentation and the opportunity for outsiders to attend seminars on such. It's all well and good having it in publications for professionals in the industry but no good if they aren't available to general public.' (Insolvency Practitioner)

'I think that there should be greater CRM data on companies, especially on those that develop and set up new companies and start new ones up when the others fail. There should be databases to identify directors who are involved in this kind of process.' (Lawyer)

'Maybe more free information should be available rather than having to pay for it. If The Service want a level playing field then they need people to have more free information about business ownership.' (Non-Institutional Creditor)

Some stakeholders feel that this is not The Insolvency Service's role or remit:

'I personally think it is nothing to do with The Insolvency Service. It is to do with the Board of Trade to enforce it through accountancy professions, audit review and all those sorts of things.' (Company Director)

'I don't think that is the responsibility of the Insolvency Service - that's up to Companies House. There should be less chance for individuals to hide behind trust corporations.' (Lawyer)

'I'm not sure it falls in their core remit for getting involved because it would usually become involved after the insolvency of a company, so whatever has gone on before is the scenario that it's presented with, so it's not really preventing what's happening, it's dealing with the aftermath..' (Non-Institutional Creditor)

Promote proper structures and systems in businesses

Stakeholders believing The Insolvency Service is ineffective in promoting proper structures and systems in business do so they feel that The Service doesn't promote its services and the results of its work.

'It comes down to publicity and showing examples of people that have suffered as a result of non-compliant.' (Insolvency Practitioner)

'I guess, for me, it all comes down to more visibility and more awareness of who they are and what they're there for.' (Accountant)

Enforcement action is another area that those who thought that The Insolvency Service is ineffective in promoting proper structures and systems in business, here are some examples:

'It's the post order enforcement, or monitoring, that needs to be more effective.' (Insolvency Practitioner)

'By taking more action against people who don't keep good accounting records.' (Insolvency Practitioner)

'There should be more action cases. The general message is that there are more cases where there are apparent breaches which go un-actioned.' (Lawyer)

Ensuring that insolvency and corporate regimes are not abused

Stakeholders lack confidence in The Insolvency Service carrying out measures that ensure insolvency and corporate regimes are not abused by not being able to investigate and monitor all cases fully (potentially due to a lack of staff to investigate).

'They could do more in depth investigations to establish links where a business closes down and reopens.' (Institutional Creditors)

'I think they need to monitor over a period of time following the insolvency because we've found companies have restarted that we've lost thousands of pounds to and they've just come back to us with a clean slate. I don't think that's right. I'm dealing with customers now that have cost us so much money but because of the climate we're in now you can't turn customers away because it's business and your compelled to deal with them. Also, when I do credit checks I see that one company has undergone, maybe, 5 or 6 name changes which is always a bit of a worry. It's just more monitoring.' (Non-Institutional Creditors)

'I think that they should be able to do spot checks on companies as far as company structure is concerned, in terms of accounting, activities and credit worthiness..' (Institutional Creditors)

'Maybe an audit. They could contact the company's auditor and ask for the auditors accounts. (They could) listen more, maybe a telephone number for them to make a anonymous telephone call to say that the corporate regime isn't followed and then maybe they could follow it up..' (Non-Institutional Creditors)

Awareness of The Insolvency Service's activities is another theme that has been highlighted:

'I don't think most people, in business or otherwise, actually understand what they Insolvency service does. Outside the field of insolvency, there is a huge information gap. My perception is that if you ask most people in business in a director level, they wouldn't be able to tell you..' (Insolvency Practitioner)

'I would more publicity. I think some of it is making as much as you can of any successful cases..' (Accountant)

Other Stakeholders' opinion of prioritisation

Other Stakeholders were given the opportunity to elaborate further on the issues surrounding prioritisation, by expressing their main concerns surrounding The Insolvency Service's allocation of the funds, and how best The Insolvency Service can ensure that they meet their overall objectives whilst having a finite budget.

In 2012, suggestions were to focus on areas within The Insolvency Service's perceived remit, better reporting and monitoring and to be more pro-active:-

'I am not sure that promoting fair competition is something they should be getting involved in. The purpose of them is dealing with insolvency not with business competitiveness.'

'I think there needs to be a more robust reporting system for companies to ensure that what they are declaring, to the likes of Companies House, are accurate and that Companies House doesn't just become a repository for information that just becomes meaningless. I think there should be a level of due diligence done on companies, and individuals linked to companies, before they are allowed to become limited companies. Not just by off the shelf or takeover existing companies and have no real checks done to see whether those individuals are fit and proper, or whether they have been the subject to previous sanctions by either The Insolvency Service or any other government department.'

'I think that they need to take more action against bad directors and bad managers of companies by publicising the work that they do including the disqualification of directors, more time educating people in business to maintain a proper book and record and (also) in corporate responsibility..'

'I suppose that I am not aware that they do anything that is proactive. It is certainly releasing information and discussing business. I think that they could promote themselves more in that area. They need to be more outward thinking in letting people know what they have achieved and also to be more proactive. They need to blow their trumpets a bit more really.'

'They need to have more inspectors and take a stronger pro-active role in policing companies and individuals in businesses and create better ways in allowing individuals informing businesses of rogue bankrupts and business to them..'