The Insolvency Service

The Insolvency Service

Annual Report and Accounts

2014–15

The Insolvency Service

The Insolvency Service

Annual Report and Accounts

2014–15

The Insolvency Service is an executive agency of the Department for Business, Innovation and Skills.

Presented to the House of Commons pursuant to Section 7 of the Government Resources and Accounts Act 2000.

Ordered by the House of Commons to be printed on 15 September 2015.

HC 246

This publication is available at **www.gov.uk/government/publications**

Any enquiries regarding this publication should be sent to us at
press.office@insolvency.gsi.gov.uk

Print ISBN 9781474118590
Web ISBN 9781474118606

ID 06051505 09/15

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office

Contents

Section one
Strategic report

Directors' report

Section two
Statement and Accounts

Annex

Section one

Strategic Report

1

1 Chief Executive's Introduction

I joined the Insolvency Service in February 2015, just as the year now reported was coming to its end. I have been tremendously impressed with the professionalism and passion demonstrated by our front line staff, our delivery partners and our stakeholders. The following pages reflect significant successes, but also challenges as we continue to build on the restructuring that has taken place.

March 2015 marked the 25th anniversary of the Insolvency Service as an agency, reflecting a long history of providing public services to those affected by financial distress or failure, providing a proper way out for individuals and companies. The anniversary presents a good opportunity to look back and take pride in our successes, and the difference we have made to our customers and to the wider economy.

The environment in which we operate has changed greatly over the last 25 years, and will continue to do so. In recent years, the fall in insolvency case numbers has represented a significant challenge both to the Insolvency Service and our employees. We need to consider how to ensure that the agency delivers modern and efficient services which meet the needs of those who use them.

We look towards the future from a strong starting position. We have distributed over £28m to more than 30,000 creditors and continue to play a vital part in promoting long-term economic growth by dealing with financial failure and giving confidence to lend.

We have excellent connections in wider government, the legal profession, and with industry stakeholders. This means that we can work across government boundaries and collaborate with our partners to deliver integrated, valuable services.

As regulators, we authorise the insolvency profession and additionally, where legislation needs improving, we use our knowledge and position to advise on changes.

In 2014–15, we exceeded our published targets, retained our Customer Service Excellence accreditation, increased levels of stakeholder confidence in our enforcement activity, and maintained customer satisfaction levels. I am grateful to the employees of the Insolvency Service who have been instrumental in delivering these results.

Developing our people and increasing employee engagement are extremely important to me. Although our People Survey scores for engagement showed a 3% increase this year, we are still 7% below the civil service average. This is an area of sustained attention for the agency, given the evidential links between engagement and performance. I am pleased that we have been reaccredited for Investors in People. We have invested in capability across the agency, with development opportunities like the management development programme for people managers, accredited professional skills training and a core practice programme for customer-facing front-line roles. Our focus now is on finance and commercial skills.

There will be more change ahead, this is inevitable and now a permanent part of our working environment. I am confident that we are a stronger, more innovative organisation and able to meet the challenges that face us.

I look forward to working with our employees, stakeholders and the insolvency profession over the coming year in order to work towards an exciting future.

Sarah Albon
Chief Executive
8 September 2015

Agency Overview

2

Our purpose

Entrepreneurialism and a drive for business growth will be accompanied by financial failures as well as successes. At an individual level, there will always be people who stretch themselves to the point at which they will require debt relief measures.

The Insolvency Service addresses the need to:

- handle the issues of financial distress sensitively and impartially
- ensure failure is dealt with as promptly as possible
- return funds available to creditors, and the wider economy
- ensure that abuses of the system are dealt with.

We provide the frameworks that deal with insolvency and the financial misconduct that sometimes accompanies or leads to it. Our work is linked to delivering associated public services, with an integral policy function drawing on our operational expertise.

Our aim is a corporate and personal insolvency system which is regarded as fair and that gives investors, lenders and creditors confidence to take the commercial risks necessary to support economic growth.

What we do

Our activities span personal and corporate insolvency, and investigations into trading companies. We work alongside partners from the public, private and voluntary sectors to:

- ensure that effective options and support exist for companies and individuals in financial distress, so they can take early action either to recover or to minimise losses
- administer debt relief orders, bankruptcies and compulsory liquidations, including the realisation and distribution of assets to creditors
- deal with corporate malpractice and misconduct through investigation into companies and individuals abusing the system, disqualification of directors and restrictions on bankrupts, and building awareness of our enforcement actions
- manage the consequences of insolvency, e.g. through paying statutory redundancy payments to employees when an employer cannot, or will not, do so
- evolve and maintain regulatory oversight of the insolvency system
- advise Ministers on the insolvency regime
- make processes as efficient as possible e.g. to deliver best value and to return the maximum amount of money to creditors.

We protect creditors and the public from misconduct and scams, and provide help to individuals and companies going through financial failure – providing a proper way out.

The Insolvency Service is part of the Department for Business, Innovation and Skills (BIS). We play a full role in supporting delivery of BIS priorities.

How we deliver

We work across boundaries and alongside partners from the public, private and voluntary sectors to achieve our goals and support the insolvency regime. We draw on a wide range of expertise across the agency and intelligence from a variety of sources, utilising our connections with wider government, the legal profession and other stakeholders.

Effective collaboration with our partners is integral to our work:

- we work alongside regulators, the National Crime Agency, the Home Office and other government bodies, exchanging intelligence and supporting the investigation of economic crime
- we liaise with industry bodies and many stakeholders like R3 and the Chartered Institute of Credit Management to inform policy decisions
- we deliver Debt Relief Orders with intermediaries from the debt advice sector.

Our approach is illustrated in the diagram below which also illustrates the 4 elements of the insolvency cycle that provide a focus for our work.

Fair insolvency systems – Supporting growth – Giving confidence – Minimising burdens

Prevent/educate/deter	... working with ...
Provide information on bankruptcy options	Debt advisors
Share insolvency registers	Credit reference agencies and credit providers
Publicise enforcement actions	

Manage consequences	... working with ...
Administer debt relief orders	DRO intermediaries
Act as Official Receiver	HM Courts & Tribunals
Act as trustee & liquidator to realise assets and pay creditors	Insolvency practitioners
Manage funds realised	Insolvency practitioners
Make redundancy payments	HMRC, Job Centres, BIS

Integrated Operations

Evaluate & inform	... working with ...
Advise Ministers on insolvency framework	BIS, HMT, Stakeholders
Provide UK insolvency statistics	Devolved Administrations, Companies House, Office for National Statistics
Consult and evaluate outcomes	Stakeholders
Contribute to media/reviews	

Investigate & enforce	... working with ...
Share intelligence & report (possible) criminality	Enforcement agencies
Investigate misconduct/ corporate malpractice	Insolvency practitioners
Restrict bankrupts, disqualify directors, wind up companies	BIS
Oversee IP regulation	IP Professional bodies

Strategic Context

3

Responding to change

Our strategy takes account of the wider environment in which we carry out our work, the UK economy, the UK and international insolvency sector, and the direction taken by the UK Civil Service.

We support creditor, investor and business confidence within the marketplace. The environment in which we provide services is rapidly evolving, with changes in corporate and individual lending (such as the rise in the use of "payday" loans), and changing types of, and access to personal assets. This is most notable in the housing market, the recovery of mis-sold Payment Protection Insurance (see "Administration of insolvencies"), and international regard for issues like cross-border insolvency.

To reflect expectations and create a modern, customer-facing organisation, we are providing a greater proportion of our services through digital channels, like the online delivery of Redundancy Payment Services and improvements to other systems. This experience will influence how we approach our new role handling debtor petitions for bankruptcy.

Numbers of insolvencies

Formal insolvencies within the UK include those carried out under the supervision of private sector insolvency practitioners – notably company administrations and voluntary liquidations, company voluntary arrangements and individual voluntary arrangements – and the compulsory liquidations, bankruptcies and debt relief orders directly overseen by the Insolvency Service.

In the early part of the last decade total formal insolvencies rose rapidly, to a peak of over 160,000 in 2009–10, but then fell considerably. By the end of 2014–15 the sector as a whole had seen reductions of 32% from the height.

Within that fall, and linked to a change in market mix, the Insolvency Service has seen an even greater reduction. The number of bankruptcy cases we administer has fallen by two thirds and is continuing to fall. From a wider perspective, the overall decline in formal insolvencies is positive. At the same time, the reduction in our case volumes from 77,898 in 2009–10 to 22,599 in 2014–15 (excluding debt relief orders) has had a significant impact on the shape of the agency, and the funding we receive through fees.

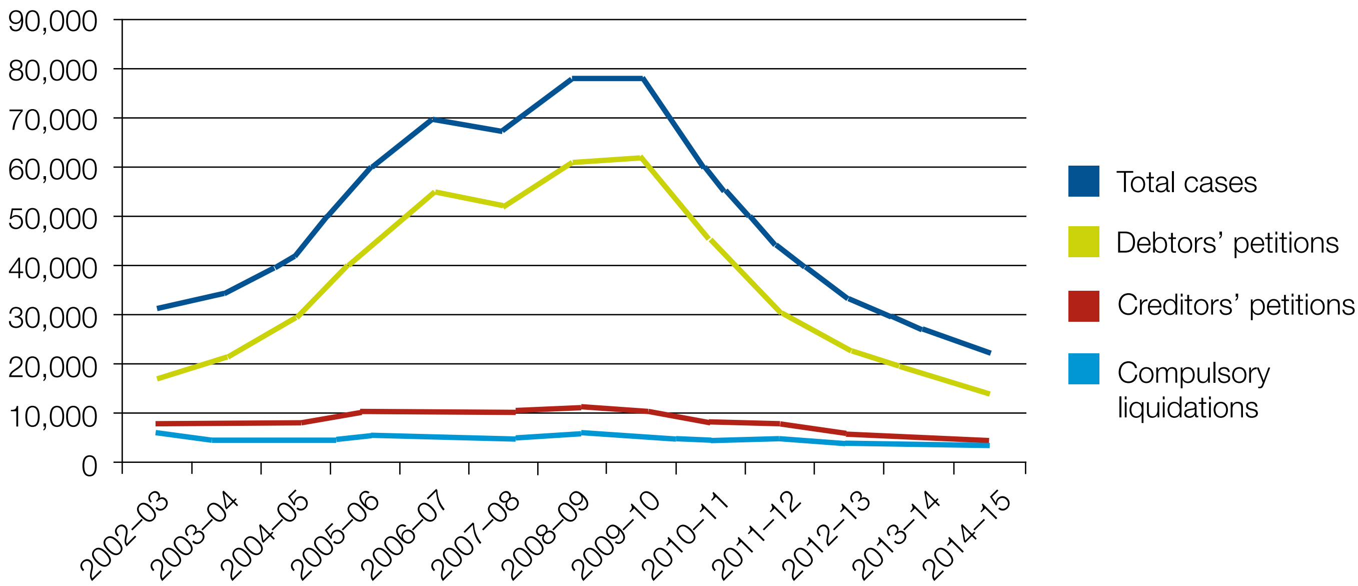
Our expectations are that this downward trend will continue. The assumptions we make for planning purposes regarding future numbers of cases are validated by our Consensus Group. This comprises senior managers from the Insolvency Service, statisticians and industry experts, who work together – while recognising the inherent uncertainty involved – arriving at conclusions informed by both practical experience and statistical models.

Strategic Risks

1. Reliance on external assistance/funding, delays decision making leading to potential failure of organisational change and/or continued cost impacting on our deficit.

2. External influences on major investments (e.g. digital services, modern technology, resolving capability gaps, tackling overcapacity of resources and estates) delay decisions or introduce short term perspectives that undermine strategy goals.

New compulsory insolvency cases, England and Wales, 2002–03 to 2014–15



3. The scale of change within the organisation results in a mismatch of skills or capability; particularly specialist areas where expertise is limited.

4. Reputation issues and lost opportunities arising from poor external relationships, failure to sustain high quality customer service, or poor quality provision of shared services.

Civil Service Reform

The Civil Service Reform agenda sets out a modernised civil service that is more skilled, less bureaucratic and more unified. We support this ambition for example by: developing our employees through the Operational Delivery Profession, and developing digital services, starting with the online redundancy payment exemplar, launched as public beta in 2014. (https://www.gov.uk/government/organisations/civil-service-reform).

Through the Government's Red Tape Challenge we identified ways to reduce costs of insolvency procedures, while retaining, or strengthening, necessary protections. We have also taken steps to streamline and improve our own processes.

In our role as oversight regulator for the insolvency profession, we have responded to the standards set out in the new Regulators' Code, engaging with those we regulate and publishing guidelines setting out how our monitoring procedures reflect the principles of the new code.

Progress against our 5 year plan

The initial phase 'a platform for delivery' against our 5 year plan launched in 2012 is largely complete:

- a new board and senior management team was appointed in 2013–14
- revised governance arrangements are in place
- the new IT system refreshed our infrastructure and made financial savings
- professional development focus, with employee development packages covering leadership and frontline skills.

There has also been progress towards the second phase 'operational deficit dealt with':

- we have reduced our workforce to 1,700 from a starting position of 3,100, through targeted voluntary redundancies, moves and restructuring
- from April 2014 through to March 2015, the number of offices reduced from 31 to 21.

We also recognise the need to maintain and improve existing levels of service in the context of these changes. We have developed remote customer interviewing facilities, which are not permanently staffed, but used where required for local interviews. This has minimised the impact on our customers. We have engaged with relevant bodies, such as advice and business bodies, to ensure adequate provision for face to face contacts.

Our efforts to deal with over-capacity continue in the context of reducing income due to lower insolvency case numbers. We continue to move forward in our objective to achieve operational break-even.

Additionally we have invested to secure our longer-term goal of greater resilience for the agency, for example:

- improvements in leadership, management and operations through investment in learning and development programmes
- sustained improvements to our operational processes
- delivering the Redundancy Payments Service system as one of government's digital exemplar projects, delivering improvements to our customers.

4 Delivery Against Targets

Targets for the Insolvency Service in 2014–15 were set by the Minister for Employment Relations and Consumer Affairs, and published in Parliament. These targets are a mixture of measures which cover value for money, customer/stakeholder satisfaction and operational effectiveness.

Year-end performance for 2014–15 against published targets

	Measure	2014–15	
		Target	Achieved
Value for Public Money	Deliver against agreed budget, with sound financial management & robust governance	Achieve	Achieved
Customer/Stakeholder Satisfaction	Customer satisfaction sustained in upper quartile of comparable public bodies (survey)	90%	95% and within upper quartile
	Confidence in enforcement activity (survey)	69%	73%
	Delivery of projects to enhance the insolvency regime and to improve customer experience	80% On time	87% On time
Operational Effectiveness	% of reports issued to creditors within 8 weeks	92% Bankruptcy	98%
		85% Company	95%
	% of appropriate disqualification cases in which proceedings are instigated in under 23 months	95%	98%
	% Bankruptcy Restrictions authorised within 11 months of the date of insolvency	80%	86%
	Action redundancy payment claims		
	within 3 weeks	80%	87%
	within 6 weeks	92%	97%

Our Impact

5

In 2014–15, we continued our engagement with the external bodies that have an interest in the insolvency framework, including:

- creditor representatives and the insolvency profession to develop new rules on insolvency practitioner fees
- debt advisors and creditor representatives on changes to the thresholds for debt relief orders
- industry experts to ensure our UK position in negotiations on
  - EU insolvency regulation
  - proposals to develop an EU rescue culture reflecting our national interests
- the wider regulatory community to share intelligence.

Case Study – Supporting other government departments

We have been liaising with colleagues from Home Office Immigration and Enforcement (HOI&E) in order to deal with companies or sole traders who had been prosecuted and fined by HOI&E for employing illegal workers, but entered insolvency proceedings without paying the fines. Intelligence provided by HOI&E was used to assist the targeting of director disqualification cases, resulting in 18 disqualifications of between 5 and 8 years.

We have also been working with HMRC around companies who breach National Minimum Wage legislation. So far, we have obtained 6 Disqualification Orders of between 9 and 15 years (the maximum period) in cases which involved, among others, labour supply and National Minimum Wage breaches.

Administration of insolvencies

We dealt with 19,029 new bankruptcies and 3,570 new insolvent companies, and made progress concluding the outstanding case administrations we had at the start of the year.

We made 26,352 Debt Relief Orders, providing a debt solution to some of the most vulnerable people in society; 100% of the orders were made within 48 hours of the application being made, against our target of 95%.

We exceeded our published target for Reports to Creditors by 10% for company and 6% for bankruptcy cases. Acting as trustee and liquidator we have distributed over £28m to creditors, with asset recoveries buoyed by recoveries of over £29.5m from the mis-selling of Payment Protection Insurance (PPI). Our Estate Account Services dealt with 112,440 payments in and out of the Insolvency Service Account and processed 98.2% within 4 days.

Our Public Interest Unit dealt with a number of high profile compulsory liquidations often where the public have lost money through a “scam”, such as pressure selling of worthless carbon credit certificates and wine investment scams.

Case Study – Director Disqualification following Public Interest Winding Up

Bordeaux Fine Wines Limited was wound up in the public interest on 26 February 2014. The company sold wine, worth at least £19,264,388 to investors, but failed to supply at least £9,393,373 worth of cases.

Bordeaux's director had received over £10m worth of dividends from the company, which he spent on performance cars, racehorses, private jet hire, designer clothing and jewellery. He had continued to market and sell wine to existing investors when he knew that investors had still not been allocated the cases of wine previously purchased.

On 30 January 2015, less than a year after the public interest winding up, he was disqualified from management of a limited company for the maximum period of 15 years.

Our investigation and enforcement regime

Our investigation and enforcement teams bring cases against individuals and companies in the public interest. In particular they seek to:

- focus on companies, directors and individuals abusing the insolvency and corporate frameworks
- take a targeted approach to investigating consumer fraud affecting vulnerable groups in otherwise unregulated sectors
- respond to specific needs for "major" investigations of insolvent and trading companies
- nurture and reinforce links with other enforcement agencies to share intelligence and to make best use of specific powers we, and they, have.

Director disqualifications

In 2014–15 we wound up 102 companies, disqualified 1,209 directors and obtained 578 restriction orders against insolvent individuals, as well as making 418 criminal referrals to prosecuting authorities and 27 further disclosures to other regulators.

In 2014–15:

- the average length of disqualification undertakings and orders secured against directors around 6 years
- around 12% of directors disqualified for a period in excess of 10 years with some 49% disqualified for a period of five years or longer
- net benefit to the market (in terms of creditor damage prevented) for each director disqualified: estimated at over £100,000.

Case Study – Disqualification

A former director of The Rangers Football Club plc in Scotland was disqualified as a director for the maximum tariff of 15 years from 21 October 2014.

He was found to have failed to act in accordance with his duties as a director in that he caused Rangers to enter into an agreement to effectively fund the purchase of its own shares, conducted its affairs without reference to other board directors, prevented it from being subject to proper corporate governance, and failed to comply with tax obligations.

In addition, he caused a second company, Tixway UK Ltd, to fail to maintain or preserve adequate accounting records, or if records had been maintained, he failed to cooperate with requests to provide them.

Case Study – Public Interest Winding Up

A public interest winding up petition was brought against Tullett Brown Ltd, and two associated companies.

During investigations, Tullett Brown changed its operations. Initially a land banking scam, selling small, grossly overpriced, plots of land to investors who hoped that planning permission would increase the value, when permission was never likely to be granted. They then began to market carbon credits (Voluntary Emission Reductions or VERs) as investments, again at inflated prices. As there is no genuine secondary market in carbon credits, the victims will be unlikely to sell the VERs they bought and will lose their money.

The company received a total of £2,091,799 from 106 victims for land sales, and sold 500,000 carbon credits to 400 victims for a total of £3,242,491.

The directors, three brothers and an associate, were disqualified for 14 years each.

Case Study – Public Interest Winding Up

Six companies which abused the insolvency regime were wound up in the public interest in March 2015.

The companies were part of a series of 22 single purpose vehicle companies (all of which have now been wound up in the public interest) which had taken the lease or leases of unoccupied commercial properties. They then almost immediately entered into members' voluntary liquidation but failed to appoint a liquidator or ceased to carry on business, in a clear breach of the requirements of the Insolvency Act 1986. The effect of this breach was that the companies were able to obtain a (continuing) exemption from having to pay national non-domestic rates.

The scheme was in operation between February 2010 and October 2013 and resulted in approximately £26.5 million of unpaid business rates that otherwise would have been payable, if the scheme had not been in operation.

We publicise outcomes from our investigation and enforcement work, and achieved an uplift of more than 27% in media coverage in the year. This provides a clear understanding of the important work we do in this area, and (crucially) provides a deterrent to others. Each year we run a survey to measure the confidence that stakeholders have in our Investigation and Enforcement regime. Confidence has risen again in 2014–15, from 69% to 73%.

Trading company investigations

150 investigations were carried out in 2014–15 following receipt of complaints or other intelligence:

- 102 companies were wound up in the public interest
- 27 disclosures were made to other regulators
- investigation of 44 investment scams wound up in the public interest showed that at least £43m had been taken from victims.

Criminal prosecutions

There were 418 criminal referrals to prosecuting authorities during 2014–15:

- 149 defendants were successfully prosecuted during the year, resulting from referrals made by the agency
- custodial sentences were received in 76.5% of cases representing 114 different defendants
- 58 received disqualification orders ranging from 1 to 15 years
- 5 defendants had compensation orders imposed, ranging from £4,000 to £74,800
- total amount of confiscation orders made: £71,100.

Case Study – Criminal Prosecution

A disqualified director who was convicted in December 2014 of breaching his ban had a compensation order made against him in January 2015, following initial investigations and then a full criminal investigation and prosecution by the Department for Business, Innovation and Skills.

After pleading guilty to acting in the management of two companies whilst subject to a disqualification undertaking, the director was sentenced to 12 months concurrent imprisonment on each count, suspended for 2 years, ordered to undertake 200 hours unpaid work for the community and was disqualified from acting as a director for a further 7 years.

Following his conviction, the court made confiscation, compensation and cost orders against him, totalling £200,000.

Bankruptcy & Debt Relief Order Restrictions

578 restrictions were secured during 2014–15. This performance is in line with the fall in overall bankruptcies:

- the average period of restriction increased to 5.3 years
- 33% of restrictions were for over 5 years.

Case study – Bankruptcy Restrictions

A bankrupt Loughborough dentist received a 14 year bankruptcy restriction order in March 2015.

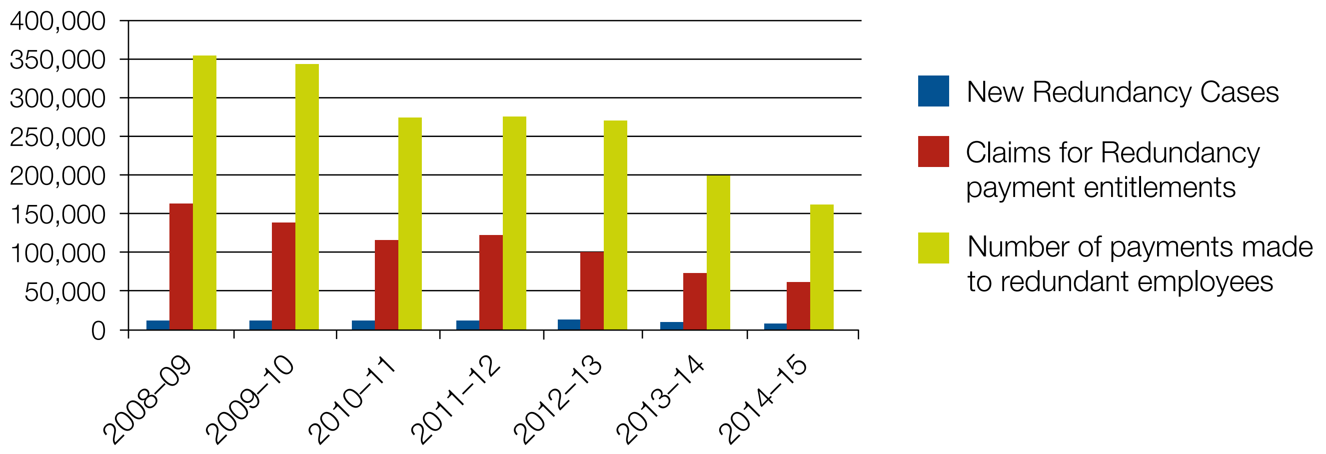
He extracted £1.6m from 63 patients and other private investors by making false representations. He then used the loan funds to pay interest and capital on pre-existing loans, to purchase shares in a new company venture and to financially assist an insolvent model railway company of which he was director.

Redundancy payments

In 2014–15 we received 62,027 redundancy claims, a reduction of around 16% from 2013–14. The total number of cases involving redundancies was 21% lower than 2013–14 (10,185 in 2013–14 and 8,025 in 2014–15).

There was a downturn in the number of cases which involved a large number of employees. Processing targets for the year were exceeded, with 86.6% of claims processed within 3 weeks and 97.2% within 6 weeks (against targets of 80% and 92% respectively). During the year we made significant progress with our new online Redundancy Payments claims system, with the RP2 (Claim for loss of notice) being made available to all on 12 January, and RP1 (Claim for redundancy and other monies owed) on 26 March. This is one of the Government Digital Service's 25 exemplar projects to meet the 'Digital by Default' initiative.

Redundancy Payment claims and payments



Our service to our customers

Customer satisfaction

We aim to provide policies and services that reach everyone who needs them, both employees and customers, in a way that is accessible. Our digital initiative focuses on putting the needs of the customer at the heart of our business. Additionally, we are developing alternatives to support those customers who need to access our services in other ways.

Our customer satisfaction measures inform our view of how our customers perceive the service we deliver.

In 2014–15, we received 3,527 responses to our surveys[1] relating to customer satisfaction. 95.4% were either satisfied or very satisfied with the service they received. This remains clearly in excess of the target of 90%. Of these, the majority (60%) were very satisfied.

> *"The Insolvency people carried on helping. To be fair I had help from the last place I ever thought it would come. This I will never forget."*
>
> *"The Insolvency Service helped get my life back together."*
>
> *"I found overall at a difficult time in my life they have made the process bearable for me to cope with. They have treated me with respect and empathy throughout my bankruptcy."*
>
> *"Polite friendly people guided me through a very stressful time, also assured me that there is a light at the end of the tunnel."*
>
> *"Whenever and whoever I have dealt with at the Insolvency Service, I have always found them to be extremely polite, helpful and professional, so what is a difficult situation is made easier to deal with. Thank you."*

How we compare to other organisations

Our customer satisfaction results are benchmarked against a selection of other government departments, agencies and directorates that ask the same or similar questions. In 2014–15, the agency achieved:

- the **highest** 'staff politeness/courtesy' score (98.0%) out of 12 government departments and agencies;
- the **highest** 'staff helpfulness/willingness to help' score (97.0%) out of 16 government departments and agencies;
- the **joint highest** 'customer satisfaction' score (95.4%) out of 28 government departments and agencies.

Customer Service Excellence

The Insolvency Service has been re-accredited for the Customer Service Excellence standard, replacing the old Charter Mark Standard held since 1998.

This follows an assessment in June 2013. The agency received 'compliance plus' for the element of putting the customer at the heart of service, and now holds 10 compliance plus, 46 compliant, and 1 partial compliance ratings.

This standard is an independent quality mark that recognises organisations that have a strong customer focus, and is held by many leading public and private sector organisations.

Each year we submit evidence of how we are meeting each of the 57 different elements, which cover areas such as:

- consulting customers and using their feedback to make improvement
- building a customer-focused culture at all levels

[1] Survey methodology includes bankrupts, directors, RPS claimants and enquiry line callers.

- delivering clear information through the most appropriate channel
- ensuring the best possible outcome for customers by combining timeliness with quality of service.

The assessor praised Insolvency Service staff for their professionalism and empathetic approach when dealing with customers facing difficult personal circumstances.

> *"The formation of the Customer and Communications Directorate in 2013 has significantly improved the capability and capacity of the organisation with regard to the central support for the provision of customer focused services. The assessor felt that this has resulted in a step-change in the way customer focus is used to drive service improvements."*
>
> Customer Service Excellence Assessor

Customer complaints

In 2014–15, the agency received 417 complaints. The number of upheld and partially upheld was 166 (40%) this year compared to 102 (33%) in 2013–14. The uplift in volumes was primarily due to a more robust approach in how complaints are recorded and dealing with legacy cases which had pensions we were obliged to realise for creditor benefit.

In 2014–15, 92% of complaints were answered within 10 working days against our Customer Standards commitment of 90%.

We aim to resolve all complaints received to the satisfaction of the complainant. However, there are occasions when some remain unhappy with our response. In such cases those who have a complaint may be able to ask the Adjudicator's Office to investigate.

The Adjudicator completed 7 complaint investigations, compared to 16 in 2013–14. 3 complaints were not upheld, 3 were substantially upheld and 1 partially upheld. Of the upheld complaints the Adjudicator recommended the agency issue letters of apology and make compensatory payments totalling £375, which were accepted.

> *"The number of complaints I received in 2014–2015 from customers of the Insolvency Service has continued to remain small in overall numbers although I have noted a slight increase in the second half of the year. I remain pleased with the Insolvency Service's appetite to learn from complaints and to apply that learning in a meaningful way."*
>
> Judy Clements OBE, Adjudicator

Improving the insolvency regime

Our insolvency regime is rated highly by the World Bank, returning more money to creditors, quicker and at lower cost, than most other countries in the world including US, Germany and France.[2]

Nonetheless, 2014–15 has seen a large number of policy initiatives and improvements:

- the Enterprise and Regulatory Reform Act 2013 provided a power to ensure continuity of essential supplies in the event of insolvency, subject to payment safeguards for the suppliers. We consulted with stakeholders in 2014 and the new provisions were introduced in March 2015. They come into force in October 2015

[2] World Bank Report *Doing Business 2015: Going Beyond Efficiency*

- following government consultation on a package of measures to promote transparency and trust in business, we included new provisions to strengthen the rules on director misconduct and to increase the likelihood of creditors receiving compensation in the Small Business Enterprise and Employment Act. The Act received Royal Assent on 26 March 2015

- following the Kempson Review of Insolvency Practitioner Fees, Government announced in June 2014 proposals to develop new rules to increase the transparency of fee setting and improve the controls for creditors. Rules for a new estimates process which requires agreement by creditors up front, and further agreement if fees exceed the estimate, were laid in March 2015 and will come into effect from October 2015

- following the Government's Red Tape Challenge, a package of legislative reforms to streamline insolvency processes to save over £30m every year were finalised in the Deregulation Act and the Small Business Enterprise and Employment Act. A measure also included in the Deregulation Act will allow specialised authorisation of insolvency practitioners either for personal or for corporate insolvency. These provisions will come into force over the next 1–2 years in conjunction with the project to modernise the Insolvency Rules 1986

- we have worked with interested parties to inform the Government position on EU proposals to modernise the EC Regulation on insolvency. These include new provisions for dealing with cross-border group insolvencies and a broadening of the scope of the Regulation to support business rescue procedures in the EU. The revised Regulation will come into force in 2017

- following consultation in 2014, legislation to amend upper limits for debt relief orders (DROs) and creditor bankruptcy petitions was introduced in January 2015. The changes, which take effect from October 2015, increase the threshold maximums for DROs from £15,000 of liabilities and £300 of assets, to £20,000 of liabilities and £1,000 of assets. This will give more people with low levels of debt and very few assets, access to debt relief. The changes also increase the minimum debt level for creditor petitions from £750 (set in 1986) to £5,000 to ensure that the severity of bankruptcy is used proportionately and only where there is a sizeable debt owed.

Regulation of insolvency practitioners

In 2014, the Insolvency Service agreed with the Recognised Professional Bodies (RPBs) a common template for reporting the sanctions that they impose on insolvency practitioners. The intention is to increase the transparency around the sanctions that are applied, and increase public confidence in the regulatory regime. This follows on from work we did in the previous year to introduce common sanctions guidance that all RPBs apply.

In 2014, we enhanced transparency around the monitoring of authorising bodies, by starting to publish the reports that we prepare following our monitoring visits. The reports focus on five key aspects of authorising body performance, including complaints handling and monitoring of IP activity. The first report was published on the Secretary of State's own authorising function. Reports have been published following visits to both ACCA and ICAEW.

In June 2014, we published our first annual report on the operation of the Complaints Gateway. The report documents a successful first year for the Gateway, with over 900 complaints handled, and enhanced information gathered about the RPBs' performance in dealing with those complaints.

We have worked with the Joint Insolvency Committee to prepare a revised Statement of Insolvency Practice (SIP 16) which will be ready for introduction once the new pre-pack pool commences operations. The revised standard implements recommendations made in the Graham Review of Pre-pack Administrations, and in particular sets out new requirements around marketing of pre-packs.

6 Employee Engagement

People survey

We participate in the Civil Service annual People Survey, which measures employee engagement. Our engagement score for 2014 was 52%, an increase of 3% on the previous year. Although it is 7% behind the civil service average, the improvement was made during a period of significant office closures, restructuring and voluntary redundancies. We improved in all categories but one. The Pay and Benefits category dropped by 2%, which was unsurprising given the on-going pay restraint across the civil service; but remains 2% better than the civil service average.

We have discussed the feedback with our employees throughout the year, through messages, meetings and development of local action plans. Each Senior Management Team member has been partnered with a number of offices and visited regularly to talk through people issues, business results and matters of concern. In addition, the themes of the survey action plan (telling our story, improved two-way communications, development opportunities and respect) have been built into the People and Capability business plan for 2015–16.

Developing our people

Our management development programme for all people managers continued throughout the year. This sits alongside our professional skills training, which is accredited by "Skills for Justice". Professional development for commercial skills, programme and project management and finance is being developed, addressing the main pillars of the civil service capabilities plan.

We rolled-out the 'Operational Delivery' core practice programme across the agency, which focuses on developing people in customer-facing front-line roles. 35% of our most junior employees joined the programme.

Redundancy Payments Service Digital is the Insolvency Service's exemplar digital service. A focus of the project has been to ensure a skills transfer of digital capability to our own people, so that we can support future projects in-house using agile working techniques and to develop best practice in concert with the Government Digital Service.

Recognising success

We ran our second *Going the Extra Mile* awards in November. Nominations were received from employees to celebrate successes, and awards presented for categories such as team of the year, volunteer of the year and making innovation happen.

21 March 2015 marked our 25th anniversary as an Executive Agency. We will continue to celebrate our history and successes throughout the year, to encourage employee pride in the organisation, our heritage and our future direction.

Diversity, equality and inclusion

It is critical that we engage with and understand the needs of the diverse communities we serve, as well as being at the heart of our customer service offer. We have worked to ensure that the requirements of our people across the agency are recognised and reflected in our policies.

Following the roll out of a new desktop last year with better technology, we launched a new flexible working policy, and over 250 more people applied to work flexibly from home for up to 2 days a week. We also offer employees opportunities to work flexible hours (flexi-time), to work part time, compressed hours or job share. The latter has been supported by the launch of a cross-civil service job share matching service.

We launched a new shared parental leave policy, which enables mothers to curtail their maternity leave and decide with the father or partner how they will share up to 50 weeks of leave and 37 weeks of pay for the first year of their child's life. This gives greater freedom in arranging leave and creates a culture which supports and encourages shared parenting. Unlike maternity leave and additional paternity leave, parents do not have to take the leave in one go or give up any leave to return to work. They can take their leave at the same time or have blocks of leave between periods of work to suit business and family needs.

We launched a new e-recruitment service in February to make sure that all sifting is carried out on anonymised applications. Applicants are selected for interview based only on the quality of their applications, safeguarding against unconscious bias.

The agency gives full and fair consideration to applications for employment from people with disabilities, having regard to the nature of their employment. Similarly we seek to enable employees who may have become disabled to continue their employment, providing reasonable adjustments as appropriate.

We offer a childcare voucher scheme to support working parents with the cost of childcare.

More information on our commitment to diversity can be found at www.gov.uk/government/organisations/insolvency-service/about/equality-and-diversity.

Employee numbers

In line with falling case numbers, the Insolvency Service ran a voluntary redundancy scheme during the year and reviewed overcapacity and capability in our corporate centre. We also rationalised estates, resulting in a number of employees leaving. Our people were further supported through access to an employee assistance programme and career transitions service.

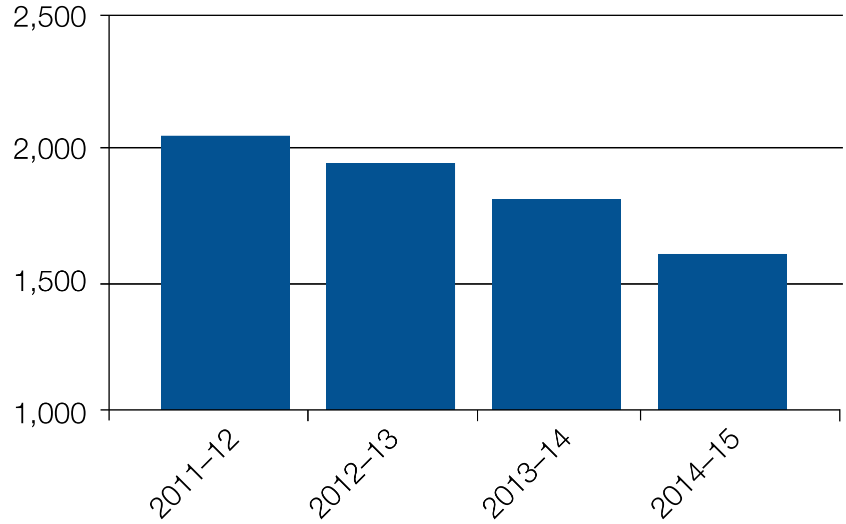
In total 167 people (152.97 FTE) left the organisation under redundancy schemes. 121 (113.24 FTE) left during the 2014–15 financial year, and the remaining 46 (39.73 FTE) have left, or will be leaving in the 2015–16 year.

The average number of full time equivalent employees in post (including permanent and fixed-term but not agency workers) decreased during 2014–15. The reduction from March 2014 to March 2015 is 256.8.

The distribution of our employees and Non-Executive Directors by gender is:

	As at 31 March 2015		As at 31 March 2014	
	Male (%)	Female (%)	Male (%)	Female (%)
Board Directors including non-execs	45	55	64	36
Senior Civil Service	43	57	50	50
Other employees	44	56	43	57

Average employees in post



The Civil Service freeze on external recruitment from outside of the Civil Service continued for the year, which limited external recruitment activity to critical posts only. A small number of new recruits joined us in critical posts mainly in specialist functions, as we continue to strengthen and professionalise our corporate centre (Finance and Commercial, People & Capability, Customer & Communication, Information and Technology).

The Civil Service Commission require that all recruitment to the Civil Service is made on merit and on the basis of fair and open competition, except in limited circumstances where flexibility is required to meet genuine business needs. We did not exercise any of the exceptions during 2014–15.

Corporate Social Responsibility

7

Health and safety

A Health, Safety and Environment Committee is in place to provide oversight to the Board and Accounting Officer on the health, safety, environment and welfare of employees at work. The committee is also the main consultation forum with the Insolvency Service's recognised trade unions on health, safety and environmental matters, in accordance with the Safety Representatives and Safety Committee Regulations 1977. The 2014–15 Health, Safety & Wellbeing report has been published. The management development programme and operational delivery core practice programmes contain compulsory courses on health and safety.

Following a campaign to increase the accuracy of reporting, there were 40 reported accidents and 8 near misses. Manual handling training has been launched to address the main cause of accidents, which was lifting or carrying (53% of all accidents).

Charity fundraising and volunteering

We encourage people to donate to a charity of their choice via payroll. £23,423 was donated to a variety of good causes via 'give as you earn' through payroll during the year.

During the year employees chose 'Together for Shorter Lives' to be our corporate charity and £4,767 was raised by 31 March 2015.

We launched a volunteering policy during the year, enabling people to spend up to 5 days a year volunteering for a good cause. This helps employees to build their skills whilst giving back to the community. Volunteering undertaken has included: working as a school governor, collecting food for local food banks in Leeds and Brighton, building a community garden and volunteering at an old people's lunch club. We also encouraged employees to consider opportunities as reservists for the armed forces and two employees took up such opportunities during the year.

Sustainability

The Insolvency Service has reduced its estate substantially and has planned its footprint in line with a reduced headcount and Cabinet Office Government Property Unit initiatives. We continue to ensure that our people are accommodated in the optimum locations, co-located with other public sector entities where possible, and that the benefits of working more flexibly can be realised.

The agency continues with its responsibilities to meet the Greening Government Commitments (GGCs) and monitor and control the impact we have on the environment. Against these commitments in 2014–15 we have:

- achieved our greenhouse gas emissions target a year early and as at the end of 2014–2015, have attained a 46% reduction from the baseline of 2009–2010
- achieved a 50% reduction in energy consumption through office closures and staff relocations
- reduced water consumption by 23%
- realised a 82% fall in the number of domestic flights from 448 in the baseline year to 83 in 2014–15
- exceeded the waste recycling target of 50%.

Further detail on our achievements in improving sustainability is at Annex A.

8 Financial Performance

Overview

The agency had a gross expenditure budget of £118m for 2014–15 covering four main areas of work – insolvency casework for companies and individuals, Investigation and Enforcement, administering Redundancy Payments and policy work.

We delivered a strong financial performance in tackling the underlying operating deficit (business as usual costs versus funding, excluding one-offs or exceptional issues) facing the agency in this Spending Review period. In 2014–15 this became an operational surplus of £5.6m (excluding £15.1m non-cash write-back), reflecting our exceptionally strong over-recovery of income (£9.9m) as well as our continuing efforts to reduce our cost base.

The accounts have been prepared under a direction issued by HM Treasury under the Government Resources and Accounts Act 2000.

Asset realisations

Last year we reviewed the processes for recovering assets, resulting in an increased focus on harder to realise assets. As case numbers have continued to fall, this focus remains relevant.

Again, we were able to fully recover the fees due for cases administered from 2010–11 onwards (when a new fee structure was introduced). We continued to work closely with some of the major banks to recover Payment Protection Insurance (PPI) compensation payments. We expect this windfall of payments to begin to reduce next year.

Reducing fixed costs

The agency continued to operate a portfolio of projects to reduce costs and improve operational efficiency. In 2013–14, we made good progress against this objective, achieving £7.1m savings compared to 2011–12 baseline data. This reduction has continued during 2014–15, with savings of £8.8m achieved.

Savings from reducing the cost base across the agency have comprised the roll-out of the new IT contract, continuing staffing restructures and estates rationalisation.

Capital outturn 2014–15

The portfolio of service improvement and infrastructure refresh projects were the main recipients of the capital funding, in particular the Desktop 21 IT refresh activity, and the RPS Digital project.

Payment of creditors

In line with Cabinet Office guidance, the Insolvency Service's policy on payment to creditors is to ensure that we process payments to our suppliers within 30 days and that, in doing so, we achieve the payment of undisputed invoices within 8 days.

During 2014–15 the agency paid a total of 10,723 invoices, 87% within 8 days and 98% within 30 days; both improvements on 2013–14 (78% and 96% respectively).

Every month in line with the requirements of the Transparency Agenda, we publish a breakdown of our expenditure by invoice or Government Procurement Card (GPC) transaction on our website.

Financial risk

The primary financial risk that we are exposed to is the recovery of our costs, either due to the insufficiency of funds in the estate related to a case, or through defendants' inability to pay costs when we are successful in bringing a court case for misconduct.

Auditor

Our external auditor is the Comptroller and Auditor General, whose address is:

The Comptroller and Auditor General
National Audit Office
157–197 Buckingham Palace Road
Victoria, London SW1W 9SP

The cost of work performed by the external auditor is £70,000 (2013–14: £70,000). No other fees were paid to the external auditor.

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

Signed:

Sarah Albon
Chief Executive
8 September 2015

9 Directors' Report

The Insolvency Service Board

Sarah Albon
Chief Executive

From 2 February 2015

Graham Horne
Acting Chief Executive

From 8 November 2014 to 1 February 2015

Primary role – Operations Director
Deputy Chief Executive at all other dates in the year

Anne Willcocks CBE
External Affairs Director

Rachael Etebar
People and Capability Director

Chris Pleass
Finance and Commercial Director

Richard Judge
Chief Executive

Until 7 November 2014

Non-executive directors

David Ereira
Chair

Tracey Bleakley

From 1 September 2014

Richard Carter

Alan Graham MBE
Chair of the Audit and Risk Committee

From 1 September 2014

Rachel James

Dame Elizabeth Neville
Chair of the People and Capability Committee

From 1 September 2014

Derek Morrison
Chair of the Audit and Risk Committee

Until 31 July 2014

Pat Boyden

Until 31 December 2014

Pension liabilities and entitlements

Pension liabilities arising from early retirement or other enhancements are accrued in total in the year in which the liability arises. These charges are paid either to the Principal Civil Service Pension Scheme, which is responsible for meeting future pension obligations on behalf of the Insolvency Service, or to employees' stakeholder-based arrangements.

Further details are provided in Notes 1(j) and 3 to the accounts.

Reporting of personal data related incidents

Within the organisation: 5

Outside the organisation (involving the public/citizen): 17

Governance arrangements and legal frameworks

The Insolvency Service is an executive agency of the Department for Business, Innovation and Skills (BIS). As such it is fully accountable to Parliament through Ministers.

The agency operates under statutory frameworks:

- Insolvency Acts 1986 and 2000
- Company Directors Disqualifications Act 1986
- Employment Rights Act 1996 and the Companies Acts 1985 and 2006
- a range of secondary legislation relating to these Acts.

In 2014–15, the Minister responsible for Employment Relations and Consumer Affairs was accountable for the Insolvency Service's business in Parliament. The Department for Business, Innovation and Skills (BIS) sponsored the agency, delivered through BIS Shareholder Executive, part of the agency's Board.

The Minister currently responsible for the Insolvency Service is the Minister for Small Business, Industry and Enterprise.

Day-to-day responsibilities are discharged through the Chief Executive. As Accounting Officer, the Chief Executive has personal accountability to Parliament for the organisation and quality of management within the organisation, including its use and stewardship of public assets.

The Insolvency Service adopts relevant principles and protocols outlined in the "Corporate Governance in Central Government Departments: Code of Good Practice". Further information is included later in this Annual Report, within the annual governance statement.

Governance arrangements are formalised in a Framework Document that can be found here:

www.gov.uk/government/organisations/insolvency-service/about

Ministers responsible for the Insolvency Service in 2014–15

Rt Hon Vince Cable MP, Secretary of State for Business, Innovation and Skills

Rt Hon Jenny Willott MP, Parliamentary Under Secretary of State for Employment Relations and Consumer Affairs (until June 2014)

Jo Swinson MP, Parliamentary Under Secretary of State for Employment Relations and Consumer Affairs (from July 2014)

Employee attendance

Reducing sickness absence was a corporate target for 2014–15 and was incorporated into the senior management team's objectives.

From April 2014 to March 2015, total sickness absence was 12,459.5 days.

Absence was 7.9 average working days lost, as at March 2015.This would appear to be an increase over the 7.7 days at March 14 but data for that year has been revealed as unreliable. A great deal of effort has gone into cleansing data since this time.

Sarah Albon
Chief Executive
8 September 2015

Section two
Statement and Accounts

2

10 Remuneration Report

Remuneration policy

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

In reaching its recommendations, the review body is to have regard to the following considerations:

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

The review body will also take account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the review body can be found at www.ome.uk.com.

Service contracts

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

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

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

Remuneration (including salary) and pension entitlements (audited)

The following sections provide details of the remuneration and pension interests of the most senior management of the Insolvency Service – i.e. the members of the Insolvency Service Board.

Single total figure of remuneration

Officials	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (£'000)[1]		Total (£'000)	
	2014–15	2013–14	2014–15	2013–14	2014–15	2013–14	2014–15	2013–14	2014–15	2013–14
Mrs Sarah Albon Chief Executive (from 2 February 2015)	15–20[2]	N/A	Nil	N/A	Nil	N/A	17	N/A	30–35	N/A
Dr Richard Judge Inspector General and Chief Executive (from 30 July 2012 to 7 November 2014)	80–85[3]	120–125	10–15	10–15	Nil	10,500	43	22	130–135	160–165
Mr Graham Horne Operations Director & Deputy Chief Executive (from 1 April 2013 to 10 November 2014 and from 30 January 2015) Acting Chief Executive (from 10 November 2014 to 30 January 2015)	90–95	90–95	Nil	Nil	Nil	Nil	44	8	135–140	100–105
Ms Rachael Etebar People & Capability Director (from 29 April 2013)	90–95	80–85[4]	10–15	Nil	Nil	Nil	33	31	130–135	110–115
Ms Anne Willcocks CBE External Affairs Director	70–75[5]	75–80[6]	10–15	10–15	Nil	Nil	6	Nil	85–90	85–90

Officials	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (£'000)[1]		Total (£'000)	
	2014–15	2013–14	2014–15	2013–14	2014–15	2013–14	2014–15	2013–14	2014–15	2013–14
Mr Christopher Pleass Finance & Commercial Director (from 13 January 2014)	90–95	10–15[7]	Nil	Nil	Nil	Nil	26	4	110–115	15–20
Mr Ian Grattidge Interim Finance & Commercial Director (from 14 December 2013 to 10 January 2014)	N/A	5–10[8]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5–10
Mrs Sharon Burd Chief Finance Officer (from 14 January 2013 to 31 March 2013 left on 13 December 2013)	N/A	65–70[9]	N/A	Nil	N/A	Nil	N/A	23	N/A	85–90

1 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The value of pension benefits accrued during the year is calculated by MyCSP for each individual. The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

2 Mrs Sarah Albon, full year equivalent salary is £100k to £105k.

3 Dr Richard Judge, full year equivalent salary is £120k to £125k.

4 Ms Rachael Etebar, full year equivalent is £90k – £95k.

5 Ms Anne Willcocks CBE salary band reflects her part-time pay. The full year equivalent is £90k – £95k.

6 Ms Anne Willcocks CBE salary band reflects her part-time pay. The full year equivalent is £85k – £90k.

7 Mr Christopher Pleass, full year equivalent is £90k – £95k.

8 Mr Ian Grattidge is not directly employed by the Insolvency Service; he joined as an Interim Finance & Commercial Director on 14 December 2013, as a 'bridge' between the exiting director (Mrs Sharon Burd, left on 13 December 2013) and incoming Finance & Commercial Director (Mr Christopher Pleass, joined on 13 January 2014). This figure quoted is for the period 14.12.13 to 10.01.2014. The full year equivalent is £95K to £100K.

9 Mrs Sharon Burd, full year equivalent is £95k – £100k.

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

The banded remuneration of the highest-paid director in the Insolvency Service in the financial year 2014–15 was £130k – £135k (2013–14 £140–145k , both years full year equivalent including bonus payments of £10k–£15k for performance in 2014–15). This was 5.5 times (2013–14, 6.0) the median remuneration of the workforce, which was £24,046 (2013–14, £23,676).

In 2014–15, 0 (2013–14, 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from the bandings £14.5–£15k to £130–135k (2013–14, £14.5–£15k to £140–£145k).

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

Remuneration of Insolvency Service Board members (audited)

The Insolvency Service Board comprises eleven members although there have been movements throughout the year where members have joined and left the Insolvency Service Board and/or the Insolvency Service.

Five of the roles are civil servants, whose details are shown on the previous page:

- Agency Chief Executive
- Operations Director & Deputy Chief Executive
- Finance & Commercial Director
- External Affairs Director
- People & Capability Director

Descriptor	2014–15	Descriptor	2013–14
Band of highest paid director's total	£130–135k[10]	**Band of highest paid director's total**	£140–145k[11]
Median total remuneration	£24,046	**Median total remuneration**	£23,676
Ratio	5.5	**Ratio**	6.0

10 The banding is full year equivalent and includes benefit in kind and bonus payments.

11 The banding is full year equivalent and includes benefit in kind and bonus payments.

Their remuneration is borne by the Insolvency Service and disclosed above (as well as those members who have been in post during 2014–15 but left by the year-end, and those members in post during 2013–14 who have subsequently left).

Seven of the remaining roles are non-executive directors, five of whom receive remuneration from the Insolvency Service. The costs of the two other civil servant members are borne by the Department for Business, Innovation and Skills (BIS) and they do not receive any additional amount for board duties from the Insolvency Service.

These members are remunerated for their services; remuneration for the year ended 31 March 2015 was £44,500 (2013–14 £42,000).

Non-Executive Board members	Salary 2014–15	Salary 2013–14
Mr David Ereira (Chair from 1/09/2012)	10–15	10–15
Mr Derek Morrison (left on 31/07/2014)	0–5	10–15
Mr Pat Boyden (left on 31/12/2014)	5–10	10–15
Dame Elizabeth Neville (from 01/04/2013)	10–15	10–15
Alan Graham, MBE (from 01/09/2014)	5–10	N/A
Tracey Bleakley (from 01/09/2014)	5–10	N/A
Mr Richard Carter (from 01/04/2013)	N/A	N/A
Ms Rachel James (from 01/10/2013)	N/A	N/A

None of the Non-Executive Board members received any benefits in kind.

Salary

'Salary' includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation.

This report is based on accrued payments made by the Insolvency Service and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Insolvency Service and treated by HM Revenue and Customs as a taxable emolument. In 2014–15 no one received any benefits in kind, (2013–14 Dr Richard Judge received £10,534 for excess fares grossed up to cover the tax and NI contributions).

Performance and reward

The Senior Civil Service (SCS) pay system consists of relative performance assessments. The highest performing individuals in the Insolvency Service were awarded a non-consolidated performance reward for their performance against objectives in 2013–14 which was paid in 2014–15. These awards varied in amount within an overall cost envelope set by the Senior Salaries Review Body and approved by the government.

Pension benefits (audited)

Officials	Accrued pension at pension age as at 31/3/15 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/15 £'000	CETV at 31/3/14 £'000	Real increase in CETV £'000
Dr Richard Judge Inspector General and Chief Executive	**55–60** plus lump sum of **Nil**	**0–2.5 plus lump sum of No increase**	890	822	32
Sarah Albon Chief Executive (from 2 February 2015)	**25–30** plus lump sum of **85–100**	**0–2.5** Plus lump sum of **0–2.5**	476	463	11
Mr Graham Horne Operations Director and Deputy Chief Executive	**55–60** plus lump sum of **100–105**	**2.5–5.0** plus lump sum of **0–2.5**	1,142	1,049[12]	40
Ms Rachael Etebar People and Capability Director (from 29 April 2013)	**15–20** plus lump sum of **Nil**	**0–2.5** plus lump sum of **No increase**	194	160	16
Ms Anne Willcocks CBE External Affairs Director	**35–40** plus lump sum of **115–120**	**0–2.5** plus lump sum of **0–2.5**	871	821	6
Mr Christopher Pleass Finance Director (from 13 January 2014)	**10–15** plus lump sum of **Nil**	**0–2.5** plus lump sum of **No increase**	191	160[13]	16

Civil service pensions

Pension benefits are provided through the civil service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes, either a final salary scheme (classic, premium or classic plus), or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with pensions increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

[12] Mr Graham Horne – 2014 restated to agree to revised MyCSP – difference due to spouse pension incorrectly stated.

[13] Mr Chris Pleass – 2014 restated to agree to MyCSP.

Employee contributions are salary-related and range between 1.5% and 6.85% (2014 1.25% to 6.25%) of pensionable earnings for **classic** and 3.5% and 8.85% (2014 3.5% to 8.25%) for **premium**, **classic plus** and **nuvos**.

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

The **partnership** pension account, is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website http://www.civilservice.gov.uk/pensions.

Cash equivalent transfer values

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

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

Real increase in CETV

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

Compensation for loss of office

No compensation for loss of office was paid to any senior manager in 2014–15.

Sarah Albon
Chief Executive
8 September 2015

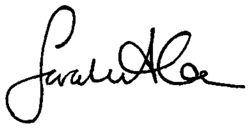
11 Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the Insolvency Service to prepare for each financial year a statement of accounts in the form and on the basis set out in the accounts direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the agency and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis.

The Accounting Officer of the Department for Business, Innovation and Skills, has designated the Chief Executive as Accounting Officer of the Insolvency Service. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Insolvency Service's assets, are set out in *Managing Public Money* published by HM Treasury.



Sarah Albon
Chief Executive
8 September 2015

Governance Statement

12

The Insolvency Service is an executive agency of the Department for Business, Innovation and Skills (BIS). As such it is fully accountable to Parliament through ministers.

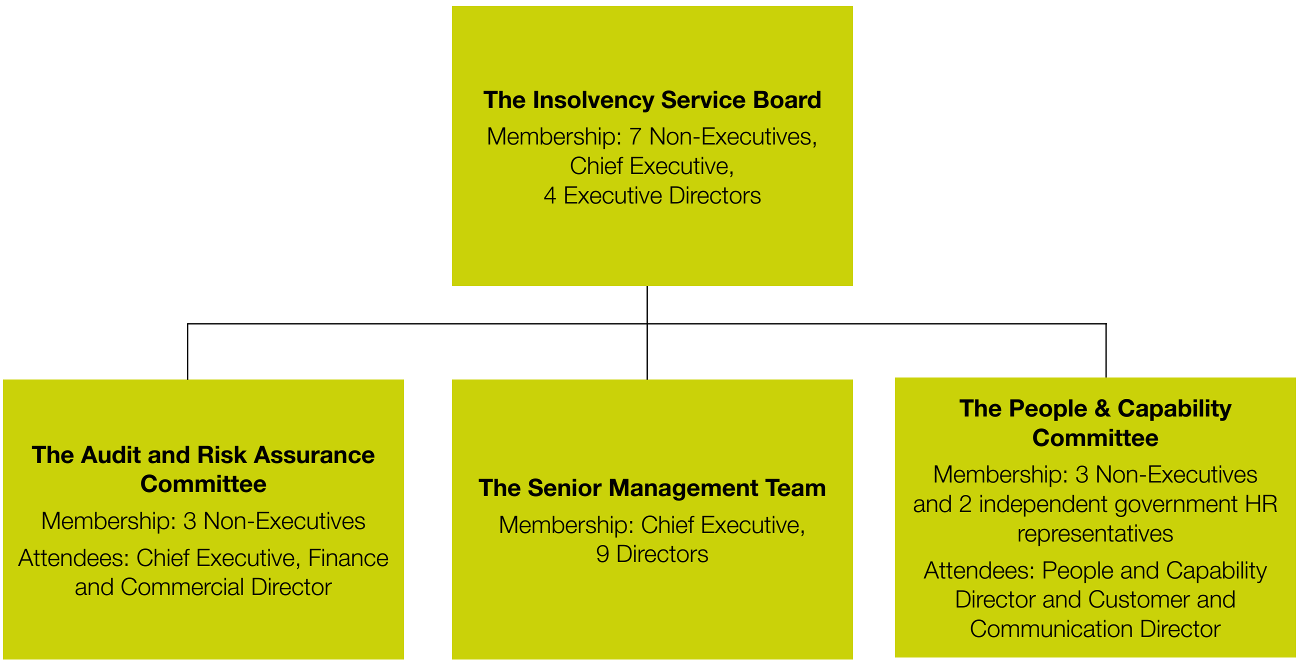
Governance structure

This section describes the governance arrangements in place during 2014–15.

The minister responsible for Employment Relations and Consumer Affairs reports on the Insolvency Service's business in Parliament. The Principal Accounting Officer (PAO) for BIS is accountable to Parliament for the issue of financial resources to the agency. Sponsorship of the agency is delivered through the Shareholder Executive, itself part of BIS, who sit on the agency's board. The PAO and sponsor are responsible for advising ministers on an appropriate framework of objectives and targets for the agency, on an appropriate budget and reporting on performance and delivery of value for money.

Day-to-day responsibilities are discharged through the Chief Executive (CE). As Accounting Officer, the CE has personal responsibility and accountability to Parliament for the organisation and quality of management within the organisation, including its use and stewardship of public assets. This responsibility includes safeguarding public funds and assets, in accordance with HM Treasury guidance, in particular *Managing Public Money*. To deliver this role the CE is supported and challenged by the Insolvency Service Board. The Insolvency Service adopts relevant principles and protocols outlined in HM Treasury's *Corporate Governance in Central Government Departments: Code of Good Practice*.

The governance structure within the agency is shown in the diagram below.



The board provides strategic leadership within a framework of prudent and effective controls that enable risk to be assessed and managed. It is collectively responsible for the long-term success of the agency. This includes setting strategic aims and objectives, ensuring that necessary leadership and resources are in place to deliver these aims, challenging and supporting management performance, and reporting to BIS and externally on its stewardship. A broadly equal split of executive and non-executive board members (NEBMs) gives the appropriate balance of skills, experience, independence and knowledge to enable the board to discharge its duties and responsibilities.

The Insolvency Service Board is independently chaired and led by a non-executive chair who ensures its on-going effectiveness and the high standards of regularity and propriety expected of a public body. The chair also ensures that the board both supports and holds the executive team to account for the agency's performance, and takes a collective responsibility for the Insolvency Service's overall success. Alongside the chair, there are seven non-executive board members (one from the Shareholder Executive) and the agency's five executive directors (including the CE).

The Insolvency Service Board (ISB) met eight times during the year. Matters considered by them included:

- regular review and scrutiny of progress against the 2014–15 Annual Plan and targets, including delivery of major projects such as Online Debt Solutions and Redundancy Payments Digital Exemplar, and in-year performance on all key aspects of agency operations such as finance, people and capability, and customer feedback
- a review of the board's effectiveness and the terms of reference for the Insolvency Service Board, senior management team, Audit and Risk Assurance Committee and the People and Capability Committee
- strategic priorities for the agency, set in the context of the agreed direction of travel for the Insolvency Service, Departmental and wider Government aims, and changes to external insolvency markets. This formed the basis of the agreed 2015–16 Annual Plan
- topical items such as cost benefits from restructuring and fees and funding models for the agency
- feedback from board committees including reviewing the annual report produced by the Audit and Risk Assurance Committee
- the regular assessment of exposure to and management of risk.

Following the appointment of the Chief Executive in February 2015, the external effectiveness assessment of the board due in March 2015 has been postponed until September 2015.

The Audit and Risk Assurance Committee (ARAC) is a sub-committee of the Insolvency Service Board. It is chaired by an appropriately qualified independent non-executive board member (NEBM). Its membership is completed by two further NEBMs. The Finance and Commercial Director, internal and external auditors attend all meetings. The Chief Executive and other directors attend as required.

ARAC supports the Chief Executive as Accounting Officer and receives reports from both internal and external auditors. It reviews the annual financial statements prior to publication and provides assurance to the Insolvency Service Board on controls and risk. ARAC met five times during the year. ARAC produced an annual report which outlined the terms of reference and provided an overview of the matters that were considered at each meeting. The report was forwarded to the Insolvency Service Board for information. Matters considered by them included:

- approval of the internal audit plan, review of all internal audit reports issued, review of progress against the annual internal audit plan and annual audit opinion on risk management, governance and internal control
- scrutiny of the Operational Risk Register
- the agency Annual Report and Accounts and ISA (White Paper) Accounts. Work on both was regularly reviewed including plans for 2014–15
- scrutiny of fraud and error incidents
- review of the agency's risk management, money laundering and whistleblowing policies.

The table below shows non-executive attendance at Board and ARAC meetings held during 2014–15.

Non-Executive Board Members	Insolvency Service Board (ISB)	Audit and Risk Assurance Committee (ARAC)	People and Capability Committee (PCC)
David Ereira (Chair ISB)	7/8		
Derek Morrison (Chair ARAC to 31/07/14)*	2/3	2/2	
Alan Graham (Chair ARAC from 01/09/14)**	5/5	3/3	
Pat Boyden (Resigned 31/12/14)	5/6	3/3	
Dame Elizabeth Neville	7/8		3/3
Richard Carter	7/8		2/3
Rachel James	8/8	5/5	
Tracey Bleakley **	4/5	2/2	1/1

* Appointment expired 31 July 2014
** Appointed 1 September 2014

The Senior Management Team (SMT) is chaired by the Chief Executive and brings together directors from across the agency. The SMT provides operational management and day to day leadership for the agency. It has responsibility for developing and implementing the detailed plans that deliver the strategy and targets set by the Insolvency Service Board. In addition to informal weekly "catch up" meetings, the SMT has formal monthly meetings. During the year the SMT reviewed progress against key targets, financial and operational performance, operational risk, major project portfolio performance and risk and other issues of strategic significance.

The People and Capability Committee met three times in the year. It is chaired by an independent non-executive board member. Membership is completed by two NEBMs and two independent members of civil service HR. The Directors of People and Capability and Customer and Communications attend together with other relevant senior managers as required. The Committee advises the board and the Accounting Officer on the comprehensiveness, reliability and integrity of assurances provided on people matters.

Compliance with the corporate governance code

We carried out a self-assessment of the agency's compliance with the *Corporate Governance Code for Central Government Departments 2011* and the effectiveness of its corporate governance structures. The assessment confirms compliance except in relation to annual effectiveness reviews of the ISB and ARAC. The agency has made a decision to delay both reviews due to the appointment of a chief executive in February 2015 and an ARAC chair in September 2014. An external review of the ISB is due to take place in September 2015 and the ARAC will undertake a self-assessment led by the chair in September 2015.

In 2014–15 we introduced a new induction package for non-executive board members and we continue to work towards embedding our governance process and will make further improvements in 2015–16.

Internal control framework

Delegated authorities

The context for delegated authorities is an established Business Planning process. All divisions have local plans linked to the Insolvency Service Business Plan. These are reviewed and updated as necessary at the mid-year stage. Divisional Plans in turn are supported by team plans and individual performance agreements. The agency's budgets are allocated at Director-level, in line with divisional plans, and monitored by the Insolvency Service Board and senior management team.

A system of delegations and approvals is in place through the organisation to ensure that proper processes exist for the assessment, approval and authorisation of new expenditure. The Accounting Officer's delegations are set by BIS and sub-delegated to directors.

Internal audit

The audit programme is delivered by the Government Internal Audit Agency, and complies with government internal audit standards. The annual audit programme is substantially informed by the agency's key risks and is reassessed throughout the year to ensure assignments due are still in areas deemed at highest risk.

Customer feedback and complaints processes

The Insolvency Service gathers feedback from customers on their perceptions and experiences of our services via a customer satisfaction survey and our complaints process. The result of the customer satisfaction survey for 2014–15 was highly positive with 95.4%[14] either satisfied or very satisfied with the service they received.

The complaints process has two internal complaint tiers. The first tier investigates and responds; the second is designed to review the decision taken at the first tier. A third external tier is provided by the Adjudicator's Office, an independent complaints adjudication body, which investigates unresolved complaints referred by a complainant. The complainant and the Insolvency Service are either given assurance that the complaint has been correctly handled or, where a complaint is upheld, the Adjudicator recommends what further action the Insolvency Service should take.

During 2014–15 the Adjudicator investigated 7 complaints, of which 3 were upheld and 1 partially upheld. The elements of the complaints that were upheld and partially upheld were in relation to delays in responding to communications and failing to address a complaint in accordance with the Insolvency Service's complaints procedure.

Information security

The agency's senior information risk owner (SIRO) oversees information risk and is supported in the role by an IT security officer and a network of information asset owners from across the business. A self-assessment against HM Treasury's Security Policy Framework was undertaken, which has been independently validated by the Government Internal Audit Agency. The outcome demonstrates that the business is either largely or fully compliant in the majority of areas. There were no significant lapses of protective security or data losses reported in 2014–15.

In June 2014 central government published the "Cyber Essentials" scheme covering basic cyber security controls for IT systems. We have self-assessed our systems, supported by independent assurance in key areas. We meet and exceed the *Cyber Essentials* requirements, and satisfy government security requirements that allow us to be part of the Public Services Network (government-wide IT network). This gives us assurance that we have an information and cyber security regime that is effective, proportionate and under regular review and challenge. Training on cyber security will be provided to board members in 2015 with the aim of improving their knowledge and understanding.

14 This figure includes the following customer groups only – bankrupts, directors, Redundancy Payment Service claimants, and enquiry line callers. Work is underway to survey all of our customer groups in future.

Tax arrangements

During 2012, the government reviewed the tax arrangements of public sector appointees. This highlighted the possibility of arrangements that might enable tax avoidance, such as by the use of personal service companies. Recommendations of the review were published in May 2012, including measures for departments to implement from August 2012. In response the Insolvency Service implemented a policy developed by the Department of Business, Innovation and Skills. All new contracts and contract renewals include a clause which allows us to gain assurance that individuals are paying the correct amount of tax with no contracts to be entered into or renewed without this clause. Tax assurance evidence has been sought and scrutinised to ensure it is sufficient to provide the relevant assurance.

Quality assurance of analytical models

There are two business critical models which are used by the Insolvency Service in relation to planning assumptions. The first is a model which is used for forecasting case inputs and the second is a financial model which forecasts case administration receivables. The forecasting case input model has been scrutinised by the board and the financial model has been scrutinised by the Audit and Risk Assurance Committee. A challenge group comprised of stakeholders is held annually where the models are tested for accuracy and reliability.

Risk profile

Strategic risks & opportunities:

Identified strategic risks for 2014–15 have previously been considered by ISB. Strategic risks are viewed as those needing long term attention (over a 3–10 year horizon). The key risks identified were:

Risk	Mitigation
Reliance on external assistance/funding, delays decision making leading to potential failure of organisational change and/or continued cost impacting on our deficit.	The current funding model is being reviewed and discussions continue with BIS, HM Treasury and other relevant stakeholders. The deficit is actively managed via restructuring programmes.
External influences on major investments (e.g. digital services, modern technology, resolving capability gaps, tackling overcapacity of resources and estates) delay decisions or introduce short term perspectives that undermine strategy goals.	Investment for restructuring was secured and short-term challenges in relation to the digital programme are being managed effectively. There is an opportunity that increased use of digital services will reduce administration costs without negatively impacting on service delivery.
The scale of change within the organisation results in a mismatch of skills or capability, particularly specialist areas where expertise is limited.	Restructure of the corporate centre is ongoing and recruitment is underway to address capability gaps.
Reputation issues and lost opportunities arising from poor external relationships, failure to sustain high quality customer service, or poor quality provision of shared services.	A strategy for improving stakeholder relationships has been implemented; business continuity is being addressed, and relationship with shared services is challenging but being actively managed.

Operational risks

The agency maintains an operational risk register that captures current financial, reputational, operational, information or legal risks and details the controls/actions required to mitigate those risks. These risks typically affect the agency over a shorter term i.e. within 12–18 months and have a more transitory nature than the strategic risks.

The risk appetite for the agency is agreed by the board and reviewed annually. This forms the basis of risk classification (taking account of impacts/ likelihood of any given event).

Risks are owned and assessed by individual directors. The senior management team monitors the risk register on a monthly basis, including the classification of any given risk and progress on mitigation actions. Significant ("red") risks are highlighted within the quarterly board reports. The register is also scrutinised by the Audit and Risk Assurance Committee to ensure that appropriate risks were included and that controls were consistent with risk appetite. It is also used to inform the annual audit plan.

Key operational risks identified and managed during the year related to:

Risk	Mitigation
Divergence from original SR10 assumptions generate budgetary shortfalls at BIS level; leading to pressures on allocations to the Insolvency Service.	Finances have been managed through the year by sharing information and plans with BIS and business partners. Regular liaison meetings have been held with Shareholder Executive and BIS Finance to share and agree mitigations in relation to any identified issues. Divisional spend has been subject to strong challenge and robust expenditure control processes have been implemented.
Implementation of the 2013–14 VES and VRS exit schemes, with over 169 exits, coupled with 11 offices closing affecting up to a further 125 people in 2014–15, is detrimental to business performance.	The risk created by the exit schemes was controlled by actively managing the rate of exits and estates moves/closures as demand continued to fall. Key skills were retained in all relevant locations with no material impact on service delivery.
Major loss of premises and/or facilities results in failure to deliver services.	Disaster recovery plans and service level agreements agreed (or in progress) with all service providers. There have been occasional delays with some service providers in fulfilling our disaster recovery needs and agreeing a service level agreement. Where plans and agreements are still outstanding management are working closely with the providers and all should be in place in 2015.
Business continuity plans are not robust or effective enough to enable service delivery during premises and/or facilities failure.	Initial testing of local business continuity plans, highlighted some weaknesses which are being addressed before being rolled out across the business. In April 2015, prior to plans being rolled out, an IT outage occurred and lessons learnt from the incident will feed into revised business continuity plans. Plans will be fully tested and implemented in 2015–16.

Risk	Mitigation
Opposition to Government policies on insolvency by stakeholders could lead to reputational damage due to negative publicity.	The risk has been mitigated by strengthening contacts with stakeholders and by proactive media briefings.
Cost and benefits identified from the Major Projects portfolio not delivered in line with forecast.	The risk has been mitigated through robust programme and project management via a Portfolio Management Office. Forecasts were reviewed and updated monthly.
Contracts for business critical services not renewed in sufficient time to achieve value for money and be fully compliant with procurement legislation.	Comprehensive review of contract status – short-term contractual issues addressed as identified alongside development of strategic procurement programme.

Significant issues

Issues managed through the year, and where further action is planned as part of our 5 year strategy, include:

- addressing overcapacity and excess estates as demand for our services falls, while maintaining service levels and ensuring on-going flexibility
- robust fee structures exist which mitigate the volatility in the medium to long term case number forecasting model and low asset values in insolvent estates
- addressing required improvements in collecting and reporting operational performance data to support day to day decision making and board oversight
- managing the impact on employee engagement while the agency is undergoing significant change and restructuring
- UKSBS is a shared service provider for government departments and provides payroll and facilities management services for the agency. The service provided is below expectations. Issues identified during the year included the scale of charges for services, and a number of service quality issues under the payroll and facilities management contract. The agency regularly met with UKSBS to discuss and address issues that arose
- In the last quarter of the year an issue arose whereby there was insufficient capacity to meet the demands of projects, particularly for Digital Services development and Online Debt Solutions. In the short-term temporary contracts have been extended; in the long-term, different procurement routes to employ contingent labour are being explored to provide maximum flexibility. The Project Management Office is also building a portfolio resource demand forecast to ensure sufficient lead time is available for recruitment to take place
- In the last quarter of the year, issues were identified with the management of and payments against contracts for goods and services procured by the agency. These included:
  - operational risk flagged above regarding contracts for business-critical services needing to be renewed at pace, undermining potential to achieve value for money and comply with all relevant procurement regulation
  - identified non-compliance with Official Journal of the European Union requirements due to payment levels above stated value of contracts
  - potential weaknesses in payment controls undermining best practice segregation of duties that ensure ownership of contracts and procured goods and services by appropriate officers of the agency

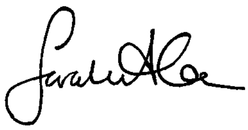
In response to this, the agency is reviewing and refreshing controls around requisitioning, receipting of goods and services and release of payments to ensure they adequately mitigate the risk of non-compliance with procurement regulation, and best practice financial control.

Summary of effectiveness on internal control

As Accounting Officer I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by internal audit together with executive managers within the Insolvency Service who have responsibility for the development and maintenance of the internal control framework. The effectiveness of the system of internal control is reviewed by directors who provide a Statement of Governance, together with an assessment of effectiveness against five key indicators (Leadership, Governance, Culture and Capability, Partnership and Stakeholder Management and Risk Management) for the areas of the business for which they have responsibility. The Chair of the Audit and Risk Assurance Committee, the Head of Internal Audit and the Corporate Governance Manager review these statements, meeting a sample of directors to discuss key issues. The Head of Internal Audit provides a report annually on the internal audit activity during the year. The report provides an opinion on the adequacy and effectiveness of internal control and for 2014–15 the assessment given is moderate – some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

I have considered the evidence provided regarding the production of the Annual Governance Statement and the independent advice and assurance provided by the Audit and Risk Committee. I conclude that the agency has satisfactory governance and risk management systems with effective plans to ensure continuous improvement.

Signed:



Sarah Albon
Chief Executive
8 September 2015

Certificate and Report of the Comptroller and Auditor General to the House of Commons

13

I certify that I have audited the financial statements of The Insolvency Service for the year ended 31 March 2015 under the Government Resources and Accounts Act 2000. The financial statements comprise: Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Chief Executive and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to The Insolvency Service's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by The Insolvency Service; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of The Insolvency Service's affairs as at 31 March 2015 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in Strategic Report and Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas CE Morse
Comptroller and Auditor General
9 September 2015

Statement of comprehensive net expenditure

For the period ended 31 March 2015

				2014–15 £'000	2013–14 £'000
	Note	Staff Costs	Other Costs	Income	
Administration Costs					
Staff Costs	3	7,010			7,206
Other Administrative Costs	4		5,493		5,956
Operating Income	6			(9,374)	(9,658)
Programme Costs					
Staff Costs	3	63,013			72,286
Programme Costs	5		24,097		22,484
Income	6			(66,943)	(63,747)
Totals		**70,023**	**29,590**	**(76,317)**	**34,527**
Net Operating Cost				**23,296**	**34,527**

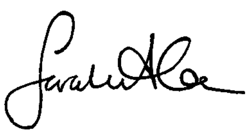
All income and expenditure is derived from continuing operations. There is no other comprehensive expenditure.

The notes on pages 53 to 83 form part of these accounts.

Statement of financial position

As at 31 March 2015

	Note	2014–15 £'000	2013–14 £'000
Non-Current Assets:			
Property, Plant and Equipment	8	7,179	5,477
Intangible Assets	9	5,194	5,697
Financial Assets	11	18,432	10,320
Total Non-Current Assets		**30,805**	**21,494**
Current Assets:			
Trade Receivables and Other Assets	11	4,191	5,731
Financial Assets	11	7,611	18,337
Cash and Cash Equivalents	12	77,583	47,751
Total Current Assets		**89,385**	**71,819**
Total Assets		**120,190**	**93,313**
Current Liabilities			
Trade and Other Payables	13	(61,340)	(55,789)
Provisions	14	(1,149)	(1,492)
Total Current Liabilities		**(62,489)**	**(57,281)**
Non-Current Assets Less Net Current Liabilities		**57,701**	**36,032**
Non-Current Liabilities:			
Provisions	14	(2,908)	(3,576)
Trade and Other Payables	13	(891)	–
Total Non-Current Liabilities		**(3,799)**	**(3,576)**
Assets less Liabilities		**53,902**	**32,456**
Taxpayers' Equity:			
General Fund		53,902	32,456
Total Taxpayers' Equity		**53,902**	**32,456**



Sarah Albon
Chief Executive
8 September 2015

The notes on pages 53 to 83 form part of these accounts.

Statement of cash flows

For the period ended 31 March 2015

	Note	2014–15 £'000	2013–14 £'000
Cash Flows from Operating Activities			
Net Operating Cost	SoCNE	(23,296)	(34,527)
Adjustments for non-cash transactions			
Depreciation and Amortisation charge	8,9	3,364	2,559
Audit Fee	4	70	70
Loss on Disposal	8	106	1
Movement in Provisions	14	(1,011)	(1,375)
Decrease in Trade Receivables	11	4,154	12,001
Increase/(Decrease) in Trade Payables	13	6,442	(1,771)
Net Cash Outflow from Operating Activities		**(10,171)**	**(23,042)**
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment	8	(3,175)	(3,303)
Purchase of Intangible Assets	9	(1,494)	(486)
Net cash Outflow from Investing Activities		**(4,669)**	**(3,789)**
Cash Flows from Financing Activities			
BIS Financing		49,304	46,680
VAT recovered by BIS		(3,531)	(3,253)
Capital element of payments in respect of Finance Leases and Service Concession Arrangements		(1,101)	(2,072)
Net Financing		**44,672**	**41,355**
Net Increase/(Decrease) in Cash and Cash Equivalents in the period		**29,832**	**14,524**
Cash and Cash Equivalents at the beginning of the period	12	**47,751**	**33,227**
Cash and Cash Equivalents at the end of the period	12	**77,583**	**47,751**

The notes on pages 53 to 83 form part of these accounts.

Statement of changes in taxpayers' equity

For the period ended 31 March 2015

	Note	General Fund £'000	Total Reserves £'000
Balance at 31 March 2013		**25,558**	**25,558**
Comprehensive Expenditure for the Year 2013–14			
Non-cash charges – Auditor's Remuneration	4	70	70
Net Operating Cost for the year	SoCNE	(34,527)	(34,527)
BIS Financing		46,680	46,680
Capital element of payments in respect of Finance Leases and Service Concession Arrangements		(2,072)	(2,072)
VAT recovered by BIS		(3,253)	(3,253)
Balance at 31 March 2014		**32,456**	**32,456**
Comprehensive Expenditure for the Year 2014–15			
Non-cash charges – Auditor's Remuneration	4	70	70
Net Operating Cost for the year	SoCNE	(23,296)	(23,296)
BIS Financing		49,304	49,304
Capital element of payments in respect of Finance Leases and Service Concession Arrangements		(1,101)	(1,101)
VAT recovered by BIS		(3,531)	(3,531)
Balance at 31 March 2015		**53,902**	**53,902**

The notes on pages 53 to 83 form part of these accounts.

Notes to the agency's accounts

1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2014–15 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Insolvency Service for the purpose of giving a true and fair view has been selected. The particular policies adopted by the agency and relevant to this year's accounts are described below. They have been applied consistently in dealing with items that are considered material to the accounts. As per IAS1, these accounts have been prepared on a going concern basis.

1(a) Accounting pronouncements

There are no new accounting pronouncements which have been adopted early or which have not yet been adopted by the agency. Such pronouncements would be by or endorsed by the International Accounting Standards Board (IASB) and would include:

(i) the accounting standards i.e. International Accounting Statements (IAS) and International Financial Reporting Standards (IFRS); and

(ii) interpretations thereof issued by the Standards Interpretations Committee (SIC) or its successor, the International Financial Reporting Interpretations Committee (IFRIC).

1(b) Accounting convention

These accounts have been prepared under the historical cost convention. Financial assets are stated at their fair value as required.

1(c) Administration and programme expenditure

The financial memorandum sets out the financial framework within which the Insolvency Service has operated since 1 April 2004. It has been agreed between the Department for Business Innovation and Skills (BIS) and the Insolvency Service and is annexed to the agency's Framework Document. Since 1 April 2004 the agency has operated under a net funding regime agreed by HM Treasury.

The Insolvency Service aims to recover the full cost of its activities either from fees and charges from users of the agency, from HM Revenue & Customs in respect of the administration of the Redundancy Payment Scheme (RPS) or from direct funding from BIS in respect of insolvency policy and investigation (other than official receiver investigations) and enforcement.

As a net funded regime, the resource expenditure and income of the Insolvency Service will count against BIS's Departmental Expenditure Limit (DEL).

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure.

Administration spending covers the cost of all administration other than the cost of direct frontline service provision. Activities that are directly associated with frontline service delivery are considered to be programme. In practice administration costs include activities such as the provision of policy advice, business support services and back-office functions.

The Insolvency Service has classified administration costs in accordance with HM Treasury Consolidated Budgeting Guidance 2014–15. The agency has developed a detailed profile of administrative costs (including overhead cost and the basis of its apportionment) which forms the basis for budgeting, monitoring, control and reporting of such costs. Methodologies used for the apportionment of costs are recorded to provide a robust audit trail.

1(d) Management judgements and estimation uncertainties

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Judgments made by management that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant note to the financial statements.

1(e) Property, plant and equipment (PPE)

PPE are non-current assets that are held by the Insolvency Service for use in the supply of services or for administrative purposes and are expected to be used during more than one accounting period. IAS 16 prescribes the accounting treatment for PPE so that users of the financial statements can discern information about the agency's investment in its PPE and the changes in such investment.

The minimum level for capitalisation of PPE is £2,000. The Insolvency Service has determined a threshold level which ensures the agency's asset values are materially complete. PPE with a cost below the chosen capitalisation threshold is expensed in the period of purchase. Recognition depends on two criteria:

(i) it is probable that future economic benefits associated with the asset will flow to the agency and;

(ii) the cost of the asset to the agency can be measured reliably.

Initial measurement of an item of PPE will be at cost. Some costs can be included if they are directly attributable to bringing the asset to working condition for its intended use. In accordance with the FReM, the agency has adopted depreciated historical cost as a proxy for fair value, as the useful life is a realistic reflection of the life of the asset and the depreciation method provides a realistic reflection of the consumption of the assets.

1(f) Depreciation

Depreciation is the allocation of the depreciable amount of an asset over its estimated useful life. Depreciable assets are those which:

(i) are expected to be used during more than one accounting period;

(ii) have a limited useful life; and

(iii) are held by the Agency for the use in the supply of services or for administrative purposes.

Depreciation is provided on PPE assets, at rates calculated to write-off the valuation, less any residual value, of each asset over its expected useful life. The depreciation method reflects the pattern in which the asset's economic benefits are consumed by the agency.

Computers unless otherwise stated	3 to 5 years
Office machinery	3 to 15 years
Property leasehold enhancements	10 years or life of lease if shorter

Assets held that are in the course of construction are not depreciated until they are commissioned.

1(g) Intangible assets and amortisation

Intangible assets are identifiable non-monetary assets without physical substance. They may be held for use in the supply of services or for administrative purposes. The asset must be:

(i) controlled by the agency as a result of events in the past; and

(ii) something from which the agency expects its future economic benefits will flow e.g. computer software.

Amortisation is the allocation of the amortised amount of an asset over its estimated useful life.

The Insolvency Service has adopted amortised historical cost as a proxy for fair value. Intangible assets are carried at cost less accumulated amortisation and impairment losses. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. The amortisation method reflects the pattern in which the asset's economic benefits are consumed by the agency.

Software licenses	3 to 10 years
Internally developed systems	Useful life of the system from date brought into use

1(h) Impairments

Impairment is a fall in value of an asset, so that its recoverable amount is less than its carrying value on the Statement of Financial Position (SoFP). The carrying amount is the net value at which the asset is included on the SoFP i.e. after deducting accumulated depreciation and any impairment losses.

The Insolvency Service carries out a review of its assets at each year-end to assess whether there are any indications of impairment to any assets. The concept of materiality applies, (only material impairments are identified) but if there are indications of impairment losses, the agency will make a formal estimate of the recoverable amount of the assets concerned.

Information about possible impairment may be from both internal sources (e.g. evidence of obsolescence or physical damage) and external sources (e.g. a larger than anticipated fall in an asset's market value or significant technological, market, economic or legal change).

1(i) Provisions

A provision is a liability of uncertain timing or amount. A provision is recognised in the statement of financial position when the agency has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. It must also be possible to make a reliable estimate of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at the rate determined by HM Treasury for financial liabilities.

A provision for onerous contracts is recognised when the expected benefits to be derived by the agency from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Each year the financing charges in the Statement of Comprehensive Net Expenditure include the adjustments to amortise one year's discount so that liabilities are shown at current price levels.

1(j) Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependents' benefits. The agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the agency recognises the contributions payable for the year.

1(k) Early departure costs

The agency, operating as part of the BIS scheme, is required to meet the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The agency provides in full for this cost when any early retirement programme is announced and is binding on the agency. The agency may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Paymaster General's account at the Bank of England for the credit of the Civil Service Superannuation Vote. The amount provided is shown net of any such payments.

The agency is also required to meet the costs of early departures in respect of employees who opt to retire under voluntary exit or redundancy schemes. Where the agency has agreed early retirement, the additional costs are met by the agency and not by the Civil Service Pension Scheme. These costs are paid in full at the time of the exit or redundancy.

1(l) Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the agency discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

1(m) Operating income

Operating income is income which relates directly to the operating activities of the Insolvency Service. It principally comprises statutory fees recovered and recoverable from the estates of bankrupts and companies in liquidation (insolvent estates) during the year, in relation to both case administration and estate accounting activities. It also comprises fees for the administration of debt relief orders; fees generated from insolvency practitioner regulation activities; amounts recovered in respect of costs awarded by the court in directors' disqualification proceedings; property rental income and other miscellaneous income. Amounts received by the agency under a service level agreement with HM Revenue & Customs for the administration of the Redundancy Payments Scheme are also treated as operating income. Operating income does not include funding received from BIS under a programme allocation for investigation and enforcement activities carried out by the agency or administration funding for policy activities.

Operating income is stated at its fair value. In most cases, consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is delayed, the fair value of the consideration may be less than the nominal amount of cash received or receivable. In relation to insolvency case administration fee income the fair value of the consideration is determined by discounting all future receipts using the discount rate for financial assets set by HM Treasury, currently 2.2%.

The agency sets its case administration fees in accordance with the principles of Managing Public Money whereby fees were set in order to recover full costs including the cost of capital. However, fees have not been set in order to recover the costs of discounting receivables to fair value, because taking account of one year with the next, the discounting costs will eventually unwind. The agency therefore adheres to the principle that fees are not set to recover more than 100% of costs. This may lead to the agency recording a deficit on its case administration business which reflects the timing difference between the fair value of the fee income and the eventual finance credit for the unwinding of the discount.

Case administration fees are charged to the insolvent estate at the date of the event giving rise to the fee. The income is treated as such in the agency's Accounts when it is earned rather than when it is initially recognised. Income in respect of costs awarded in directors' disqualification proceedings is recognised when:

i) an order for costs (either interim or final) with a determined value has been made; or

ii) where the court orders the costs "to be agreed or assessed" the value of the debt will be recognised when there is an agreement in writing or a default costs order is made following assessment by the Court.

1(n) Deferred income

Deferred income is primarily made up of fees recovered on old regime cases (order dates before 1 April 2004) that have not yet been recognised as income. When the fees were recovered (after 31 March 2004) the Insolvency Service recognised deferred income in respect of its obligation to provide the case administration services.

Fee income from cases commenced before April 2004 is recognised in accordance with IAS18 Revenue Recognition, in that it is matched to the costs incurred in the relevant accounting period. Income is recognised to the extent that the Official Receiver has performed the case administration functions. The value of the services provided is calculated using the agency's costing and time recording systems. Costs to complete the case administration functions can be estimated reliably.

Surplus income, whilst not intentional (as per Note 1(m) above) can occur where amounts exceed the agency's forecast of costs required to complete the work on pre-April 2004 cases. This surplus income is recognised at the point at which no further costs associated with those revenues remain to be incurred. This can be done either at the end of the period in which those costs are incurred, or more appropriately in proportion to the surplus of those revenues over those costs being identified.

1(o) Operating leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Net Expenditure (SoCNE) account on a straight-line basis over the term of the lease.

1(p) Service concession arrangements

IFRIC 12 service concession arrangements addresses arrangements where a private sector entity (operator) constructs or upgrades the public sector infrastructure to be used and then operates and maintains the infrastructure for a specified period of time. To be within the scope of IFRIC 12, the service concession arrangement must contractually oblige the private sector operator to provide the services related to the infrastructure to the public on behalf of the grantor. In line with the FReM the infrastructure for public services includes non-current assets used for administrative purposes in delivering services to the public.

IFRIC 12 applies to the public sector those private sector service concession arrangements in which:

(i) the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them and at what price; and

(ii) the grantor controls, through beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the term of the arrangement.

Where the infrastructure asset is used for its entire useful life, and there is little or no residual interest, the arrangement would fall within the scope of IFRIC 12 where the grantor controls or regulates the services as described in the first condition.

The grantor will recognise the infrastructure as a non-current asset and value it in the same way as other non-current assets of that generic type. The asset will be recognised when:

(iii) it is probable that future economic benefits associated with the asset will flow to the organisation; and

(iv) the cost of the asset can be measured reliably.

In practice, this means that the grantor will usually only recognise the asset when the asset comes into use.

The unitary payment stream will be separated between the non-current asset element (reported as a non-current asset and related liability) and the finance charge and service element using either the contract or estimation techniques where the elements of the unitary payment stream cannot otherwise be separated.

The grantor will recognise a liability for the capital value of the contract. That liability does not include the interest charge and the service elements, which are expensed annually to the statement of comprehensive net expenditure account. Finance charges are allocated based on the primary period of the arrangement using the implicit rate of interest.

1(q) Non-cash charges

In accordance with HM Treasury guidance the following non-cash item is charged to the statement of comprehensive net expenditure account:

(i) audit fee (note 4).

1(r) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. Financial instruments are recognised on the SoFP when the agency has become a party to the contractual provisions of the instruments.

1(s) Financial assets – IAS 32

As per IAS 32 Financial Instruments, the agency has classified its case administration receivables, estate account receivables, and receivables for disqualification costs as financial assets. Case administration receivables are stated at the amount earned and carried at expected realisable values. Bad debts are written-off when it is established that they are irrecoverable. All receivables are reviewed as at the reporting period date. Receivables are discounted to reflect the time value of money. The discount rate used is 2.2% which is recommended by HM Treasury to be used for financial assets.

1(t) Value Added Tax (VAT)

The agency is covered under the VAT registration of BIS, which is responsible for paying over and recovering from HM Revenue & Customs any VAT on behalf of the agency.

Where VAT is recoverable by the agency the expenditure shown in the SoCNE is net of VAT. Outstanding recoverable VAT on expenditure is included in VAT receivables and is shown in Note 11 to the accounts.

1(u) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

1(v) Accounting for over-recovery income

The scope of International Accounting Standard (IAS) 18 states that this standard (IAS 18) shall be applied in accounting for revenue arising from the following transactions and events:

i) The sale of goods

ii) The rendering of services

iii) The use by others of entity assets yeilding interest, royalties and dividends (IAS paragraph 1).

For the rendering of services to be within the scope of IAS 18, there must be:

i) performance by the entity (the Insolvency Service) of a contractually agreed task,

ii) performance of such an agreed task over a period of time.

In the Insolvency Service's view, no additional performance is performed by the agency to receive the Secretary of State (SoS) fee (see Note 11) and so the SoS fee is a non-exchange transaction for the agency. In essence the SoS fee is akin to a tax or levy on asset rich estates as it applies to all assets subject to insolvency proceedings regardless of whether the case is administered directly by the agency or on behalf of the agency by an Insolvency Practitioner. The SoS fee breaks the link with the initial customer, in that the fee paid by the asset rich estate would go towards paying for the services provided to estates that have insufficient assets to pay the full OR fee. This is the cross subsidy mechanism of the SoS fee.

As noted above, the Insolvency Service prepares its financial statements in accordance with the FReM. Section 8.1 of the FReM provides guidance on accounting for income, and advises on accounting for taxes/levies (a form of income), which is applicable to the Insolvency Service in relation to the SoS fee. The FReM advises that taxes are recognised when a taxable event has occurred. For the agency, the taxable event occurs when a chargeable receipt is received into the Insolvency Services' Account (i.e. when the cash is received), which only occurs once an asset is realised.

2 Significant areas of judgement

The Insolvency Service's estimation techniques and underlying assumptions utilised are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period.

The agency believes that the most critical accounting policies and significant areas of judgement/estimation arise from the method of revenue recognition in relation to case administration fee income and accounting for case administration receivables.

2(a) Case administration revenue recognition

The performance of official receivers' obligations gives rise to case administration income and assets, which the Insolvency Service has the right to recognise. The agency measures this by reference to an average casework profile (one profile for bankruptcy and one for company cases). The casework profile shows the extent to which cases were complete over the year. The agency uses these profiles to calculate the amount of fees charged that should be recognised as income (Note 6).

The first casework profile was agreed by senior management in November 2003 in preparation for the introduction of the new financial regime on 1 April 2004. For the financial years 2004–05, 2005–06 and 2006–07 the same agreed casework profile was used on the basis that it reflected how costs were incurred. There were no significant changes to work processes which required the case profile to be adjusted. There were also no significant changes to the legislation during the period.

Case administration fees were increased from 1 April 2007 but only in relation to cases where the insolvency order was on or after 1 April 2007. Fee increases were implemented to ensure that the cost of investigation work carried out by official receivers and previously met from BIS funding could be recovered from fees. The casework profile was amended from 1 April 2007 to reflect the change in policy.

Generally, the following assumptions in respect of when the work is performed are valid:

(i) the work undertaken on cases is front loaded, i.e. a large proportion is undertaken in the first six months.

(ii) the majority of work undertaken by Official Receivers will be completed within three years of an insolvency order.

The reasonableness of these assumptions is tested by:

(i) reviewing the weightings for business planning purposes, which determine the average time spent by each grade of employee.

(ii) reviewing the time-recording data.

(iii) communicating and confirming assumptions with senior managers, official receivers and their employees.

During the year the agency commenced a major business process re-engineering (BPR) project with stated aims to:

(i) improve and simplify ways of working; and

(ii) achieve process efficiencies across operational delivery areas.

The Insolvency Service is also exploring longer term funding options through its 'who pays?' project. The concept is to separate costs for the core components of initial administration, vetting and asset realisation which will allow a better linkage of cost to activity and volume.

The agency validated the income recognition model in 2013–14 against the time recording data before the new time recording system was introduced and will continue to rely on the current income recognition model while the proposals through the 'who pays?' project are developed.

2(b) Case administration receivables

The Insolvency Service must make accounting estimates and judgments regarding the recoverability of its case administration receivables (Note 11). Information is provided here to allow users to understand how the agency has arrived at its estimates. For all of these estimates, it should be noted that future events rarely develop exactly as forecast, and estimates require regular review and adjustment.

The measurement of case administration receivables requires analysis of past trends of recoveries and a review of asset levels in insolvency cases. Asset values can be affected by economic factors e.g. property prices. Employment rates can affect the ability of bankrupts to make a financial contribution to the estate. Economic factors can determine the proportion of cases that have assets and will impact on the recoverability of fees. Judgment is also required in determining the timing of the Case Administration Receivables. To the extent that it is not expected to recover the debt a bad debt write-off will be made (Notes 5 and 7.1).

3 Employee numbers and related costs

Employee costs comprise

	2014–15			2013–14		
	Permanently employed £'000	Others £'000	Total £'000	Permanently employed £'000	Others £'000	Total £'000
Wages and salaries	47,728	4,676	52,404	53,361	6,082	59,443
Social security costs	3,715	–	3,715	4,000	–	4,000
Other pension costs	9,005	–	9,005	9,990	–	9,990
Voluntary redundancy scheme – compensation payments	5,114	–	5,114	6,162	–	6,162
Sub Total	**65,562**	**4,676**	**70,238**	**73,513**	**6,082**	**79,595**
Less recoveries in respect of outward secondments	(215)	–	(215)	(103)	–	(103)
Total net costs	**65,347**	**4,676**	**70,023**	**73,410**	**6,082**	**79,492**

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Insolvency Service is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

For 2014–15, employers' contributions of £8,966,949 were payable to the PCSPS (2013–14: £9,943,884) at one of four rates in the range 16.7 to 24.3 per cent (2013–14: 16.7 to 24.3 per cent) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2014–15 to be paid when the members retired and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, which is a stakeholder pension with an employer contribution. Employers' contributions of £37,802 (2013–14: £43,068) were paid to the three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% (2013–14: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £2,585 (2013–14: £2,842) 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

No employees retired early on ill-health grounds (2013–14: 2 persons), in 2013–14 this had an additional accrued pension liability totalling £18,401.

Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows.

Number	2014–2015	2013–2014
Directly employed	1,552	1,807
Other	121	151
Employees engaged on capital projects	14	12
Total	**1,687**	**1,970**

Costs of £1,509k (2013–14 £682k) have been capitalised for 14 employees (2013–14:12) working on capital projects. These costs are primarily for the RPS digital project (see Note 8 for PPE costs).

3.1 Reporting of Civil Service and other compensation schemes – exit packages (prior year comparator in brackets)

Exit package by cost band £	Number of Compulsory Redundancies	Number of departures	Total number of exit packages by cost band
<10,000	–	9 (14)	9 (14)
10,001 – 25,000	1 (1)	82 (74)	83 (75)
25,001 – 50,000	–	46 (58)	46 (58)
50,001 – 100,000	–	27 (19)	27 (19)
100,001 – 150,000	–	2 (8)	2 (8)
150,001 – 200,000	–	1 (1)	1 (1)
200,001 – 250,000	–	- (2)	- (2)
Total number of exit packages	**1 (1)**	**167 (176)**	**168 (177)**
Total Resource cost/ £'000s	**23 (12)**	**5,285 (6,149)**	**5,308 (6,161)**

Redundancy and other departure costs have been paid in accordance with the provision of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department (BIS) has agreed early retirement, the additional costs are met by the department and not by the Civil Service Pension Scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

There were no Voluntary Exit Schemes during 2014–15, hence no employees (2013–14: 168) departed under a voluntary exit scheme, with no costs, (2013–14: £5,870,411). Previous schemes were based on the terms of the CSCS. The agency recognised the full cost of the departures in the SoCNE. There were several voluntary redundancy schemes during 2014–15 under which 163 employees left totalling £5,226,683, however during 2013–14 no employees departed under a voluntary redundancy scheme. There were 4 other departures during the year totalling £58,193 (2013–14: 8 departures costing £279,453).

There was 1 compulsory redundancy during the year at a cost of £22,686 (2013–14: 1 redundancy costing £12,381).

4 Other administrative costs

	2014–15 £'000	2013–14 £'000
IT infrastructure expenses	1,456	1,439
Accommodation	670	638
Operating leases – accommodation	620	637
Operating leases – computers	699	926
BIS overhead including provision of shared services	35	73
Other costs	239	307
General administrative expenses	398	388
Travel and subsistence	246	224
Operating leases – office machinery	31	51
Non-cash items:		
Depreciation	424	280
Amortisation	605	923
Audit Fee	70	70
Total	**5,493**	**5,956**

5 Programme costs

	2014–15 £'000	2013–14 £'000
Legal and other costs of investigation and enforcement	10,203	9,700
Operating leases – accommodation	4,824	6,011
Accommodation	4,867	4,720
IT infrastructure expenses	3,600	2,693
Operating leases – computers	3,402	3,782
General administrative expenses	2,291	2,590
Lease surrender costs	243	1,271
Dilapidation costs	173	1,092
Property works	765	941
Other costs	1,854	2,022
Disbursements funded from case administration fees	594	1,059
BIS overhead including provision of shared services	794	1,210
Travel and subsistence	1,253	1,043
Operating leases – office machinery	174	292
Non-cash items:		
Write offs bad debt for Investigation and Enforcement	608	506
Write offs bad debt for banking fees	370	481
Write backs for case administration fees	(15,152)	(19,174)
Bad debt provision for investigation and enforcement	1,265	518
Provision for lease dilapidations	(166)	(10)
Provision for fruitless payments	11	(42)
Provision for onerous leases	(140)	591

	2014–15 £'000	2013–14 £'000
Other provisions including adverse costs for disqualification proceedings	173	246
Unwinding of discount for provisions	(85)	(18)
Depreciation	962	315
Amortisation	1,373	1,041
Loss on disposal	105	–
Case admin – unwind discounting of receivables for fees	(264)	(396)
Total	**24,097**	**22,484**

6 Income

	2014–15 £'000	2013–14 £'000
Administration income		
Redundancy payments administration	8,265	8,700
HMRC income for ReCalc project	1,109	958
	9,374	**9,658**
Programme income		
Insolvency case administration	57,934	54,812
Case administration income accrued from deferred income	106	149
Discounting costs	(110)	(162)
Estates accounts	2,099	2,268
Regulation of insolvency practitioners	1,457	1,506
Debt Relief Order administration	2,380	2,427
Investigation and enforcement	2,576	2,482
Rental income	490	254
Miscellaneous income	11	11
Fees recoverable in the period	**66,943**	**63,747**

The case administration income £57.934m (£54.812m for 2013–14) is recognised on an effort exerted basis using historic time recording data.

The case administration fee is charged to the estates on the making of the insolvency order but IAS18 (Revenue Recognition) allows fee income to be recognised only in respect of the work undertaken on those cases in the year. The basic principle is that the seller (the official receiver) obtains the right to be paid in return for the performance of his obligations under a contractual arrangement. The contractual obligations are set out in the relevant fees orders.

Case administration income accrued from deferred income of £106,256 (2013–14: £148,720), has been transferred from deferred income in accordance with the agency's deferred income accounting policy (Note 1(n) and Note 13).

Case administration income has been decreased in 2014–15 by £110,289 (2013–14: decreased by £161,522) to ensure the income is stated at its fair value, in accordance with the agency's financial instruments accounting policy (Notes 1(r) and 1(s)).

Debt Relief Orders (DRO), which were introduced from 6 April 2009, are for those who would otherwise be financially excluded from debt relief solutions such as bankruptcy. They are intended to provide cheap and easy access to debt relief for those on low incomes, with no assets of value, who are overwhelmed by relatively low levels of debt. A flat fee of £90 is paid by the debtor.

7 Segmental reporting

7.1 Costings and funding

All significant activities of the agency are derived from the Insolvency Act 1986, The Company Disqualification Act 1986, the Employment Rights Act 1996 and the Companies Act 1985 and are considered for segmental purposes to be one single class of business.

The following information on the main activities of the agency is produced for fees and charges purposes (see Note 1(m) for the policy on fees and charges) and constitutes segmental reporting under International Financial Reporting Standard 8, Operating Segments. Costs and income are reported to senior management on a monthly basis; therefore the year-end figures are reported below. The Statement of Financial Position is not reported to Senior Management so not included below.

Administration costs	Income		Cost of service		Surplus/(Deficit)	
	2014–15 £'000	2013–14 £'000	2014–15 £'000	2013–14 £'000	2014–15 £'000	2013–14 £'000
Activities funded from BIS financing						
Policy advice and development	–	–	1,521	1,352	(1,521)	(1,352)
Investigation and enforcement	–	–	2,014	2,661	(2,014)	(2,661)
Activities funded by HMRC						
Redundancy payments administration	8,265	8,700	7,860	8,191	405	509
ReCalc project	1,109	958	1,109	958	–	–
Total administration costs	**9,374**	**9,658**	**12,504**	**13,162**	**(3,130)**	**(3,504)**

Programme costs	Income		Cost of service		Surplus/(Deficit)	
	2014–15 £'000	2013–14 £'000	2014–15 £'000	2013–14 £'000	2014–15 £'000	2013–14 £'000
Activities funded from fees						
Insolvency case administration	57,930	54,799	41,240	42,180	16,690	12,619
Estate accounts	2,099	2,268	1,877	2,322	221	(54)
Regulation of insolvency practitioners	1,468	1,506	1,741	1,293	(273)	213
Debt Relief Order administration	2,380	2,427	2,209	2,427	171	–
Other	490	265	490	234	–	31
Total fee funded programme	**64,367**	**61,265**	**47,557**	**48,456**	**16,809**	**12,809**

Programme costs	Income		Cost of service		Surplus/(Deficit)	
	2014–15 £'000	2013–14 £'000	2014–15 £'000	2013–14 £'000	2014–15 £'000	2013–14 £'000
Activities funded from BIS financing						
Investigation and enforcement	2,576	2,482	36,286	35,468	(33,710)	(32,986)
Provision for lease dilapidations	–	–	–	(28)	–	28
Voluntary redundancy scheme	–	–	–	6,162	–	(6,162)
Projects	–	–	3,266	4,712	(3,266)	(4,712)
Total BIS funded programme	**2,576**	**2,482**	**39,552**	**46,314**	**(36,976)**	**(43,832)**
Total programme costs	**66,943**	**63,747**	**87,109**	**94,770**	**(20,167)**	**(31,023)**
Total of all activities	**76,317**	**73,405**	**99,613**	**107,932**	**(23,297)**	**(34,527)**

The figures in the table above are apportioned based on direct costs and overhead allocations.

The costs of £41,240,000 (2013–14: £42,180,450) in relation to insolvency case administration includes bad debt write-back of £15,150,000 (2013–14: write-back of £19,173,929) in relation to fees charged in previous years that were previously considered uncollectable. Common costs are apportioned largely on the basis of employees employed on the main activities.

7.2 National Insurance Fund

Redundancy payments are made from the National Insurance (NI) Fund to employees whose employers have failed to make payments due or who were insolvent. The Insolvency Service has a service level agreement (SLA) with HM Revenue & Customs to administer the scheme.

The accounts include the administration costs and associated income (see Note 7.1) of administering the NI Fund; and the fund payments and receipts will be published in the consolidated resource accounts of BIS.

Claims processed under the scheme fall into two categories: RP1 (which covers redundancy pay, holiday pay and arrears of pay) and RP2 (pay in lieu of notice). The average payment for RP1 during the year was £2,950 (2013–14: £3,410). An average amount of £1,278 was paid during the year for RP2 (2013–14: £1,334).

The receipts related to this scheme arise from two sources:

a) solvent recovery: where monies are recovered for the NI Fund over a period of up to three years from companies, that are continuing to trade but would not be able to do so if they had to meet the full costs of redundancy payments at that time.

b) insolvent recovery: BIS becomes a creditor of the insolvent company in place of the employee paid from the NI Fund and receives a dividend if there are sufficient funds to make a payment to creditors in the winding up of the company.

Most of the payments made from the NI Fund are in respect of employees of insolvent companies and therefore most of the debt is unrecoverable.

8 Property, plant and equipment

2014–15	Information technology £'000	Plant & machinery £'000	Property leasehold enhancements £'000	Assets under construction £'000	Total £'000
Cost or valuation					
At 1 April 2014	21,076	635	–	394	22,105
Additions	2,115	–	–	1,060	3,175
Disposals	(14,889)	(405)	–	–	(15,294)
Reclassifications	(529)	529	–	–	–
At 31 March 2015	**7,773**	**759**	**–**	**1,454**	**9,986**
Depreciation					
At 1 April 2014	16,435	193	–	–	16,628
Charged in year	1,230	156	–	–	1,386
Disposals	(15,391)	184	–	–	(15,207)
At 31 March 2015	**2,274**	**533**	**–**	**–**	**2,807**
Carrying value at 31 March 2015	**5,499**	**226**	**–**	**1,454**	**7,179**
Asset financing:					
Owned	1,841	226	–	–	2,067
Service concession arrangement (Note 17)	3,658	–	–	1,454	5,112
Carrying value at 31 March 2015	**5,499**	**226**	**–**	**1,454**	**7,179**

2013–14	Information technology £'000	Plant & machinery £'000	Property leasehold enhancements £'000	Assets under construction £'000	Total £'000
Cost or valuation					
At 1 April 2013	16,353	1,229	430	1,026	19,038
Additions	2,894	15	–	394	3,303
Disposals	(95)	(609)	(430)	–	(1,134)
Reclassifications	1,924	–	–	(1,026)	898
At 31 March 2014	**21,076**	**635**	**–**	**394**	**22,105**
Depreciation					
At 1 April 2013	16,092	644	430	–	17,166
Charged in year	438	157	–	–	595

2013–14	Information technology £'000	Plant & machinery £'000	Property leasehold enhancements £'000	Assets under construction £'000	Total £'000
Disposals	(95)	(608)	(430)	–	(1,133)
At 31 March 2014	**16,435**	**193**	**–**	**–**	**16,628**
Carrying value at 31 March 2014	**4,641**	**442**	**–**	**394**	**5,477**
Asset financing:					
Owned	430	442	–	–	872
Service concession arrangement (Note 17)	4,211	–	–	394	4,605
Carrying value at 31 March 2014	**4,641**	**442**	**–**	**394**	**5,477**

9 Intangible assets

2014–15	Software licences £'000	Internally developed system £'000	Asset under construction £'000	Total £'000
Cost or valuation				
At 1 April 2014	2,194	10,638	522	13,354
Additions	–	–	1,494	1,494
Disposals	(94)	–	–	(94)
Reclassifications	–	95	(95)	–
At 31 March 2015	**2,100**	**10,733**	**1,921**	**14,754**
Amortisation				
At 1 April 2014	1,959	5,698	–	7,657
Charged in year	65	1,913	–	1,978
Disposals	(75)	–	–	(75)
At 31 March 2015	**1,949**	**7,611**	**–**	**9,560**
Carrying value at 31 March 2015	**151**	**3,122**	**1,921**	**5,194**
Asset financing:				
Owned	151	3,122	1,921	5,194
Carrying value at 31 March 2015	**151**	**3,122**	**1,921**	**5,194**

2013–14	Software licences £'000	Internally developed system £'000	Asset under construction £'000	Total £'000
Cost or valuation				
At 1 April 2013	2,194	10,598	974	13,766
Additions	–	40	446	486
Reclassification	–	–	(898)	(898)
At 31 March 2014	**2,194**	**10,638**	**522**	**13,354**
Amortisation				
At 1 April 2013	1,889	3,804	–	5,693
Charged in year	70	1,894	–	1,964
At 31 March 2014	**1,959**	**5,698**	**–**	**7,657**
Carrying value at 31 March 2014	**235**	**4,940**	**522**	**5,697**
Asset financing:				
Owned	235	4,940	522	5,697
Carrying value at 31 March 2014	**235**	**4,940**	**522**	**5,697**

10 Financial instruments

The object of IAS 32 Financial Instruments: Presentation and Disclosure and IFRS 7 Financial Instruments: Disclosure is to enhance Financial Statement users' understanding of the significance of on-balance sheet and off-balance sheet financial instruments to an entity's financial position, performance and cash flows. The two main categories of disclosures required by IFRS 7 are:

(i) information about the significance of Financial Instruments

(ii) information about the nature and extent of risks arising from financial instruments.

A financial instrument is any contract that gives rise to both a financial asset of one entity and financial liability or equity instrument of another entity.

A financial asset is any asset that is cash or a contractual right to receive cash or another financial asset from another entity.

A financial liability is any liability that has contractual obligations to deliver cash or another financial asset to another entity.

Significance

The agency has classified its case administration fee receivables as financial assets. The majority of case administration fees are recovered over a period of 6 years but a small proportion will be recovered beyond 6 years, as the recoveries can only be made when assets are recovered in an insolvent estate. The receivables therefore play a significant medium to long-term role in the financial risk profile of the agency. The timing of the recoveries exposes the agency to interest rate risk. Accounting estimates and judgements regarding the recoverability of case administration receivables are disclosed (Note 2(b)).

Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The agency discounts its financial assets at the rate determined by HM Treasury for financial assets, currently 2.2%.

As the cash requirements of the agency are met through the government estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the agency's expected purchase and usage requirements and the agency is therefore exposed to little credit, liquidity or market risk.

11 Trade receivables, financial and other assets

Amounts falling due within one year:	2014–15 £'000	2013–14 £'000
Financial assets		
Receivables for fees – case administration	5,512	16,513
Receivables for disqualification costs	1,265	996
Receivables for fees – estate accounts	834	828
Trade receivables and other assets		
Prepayments	1,304	2,416
VAT receivables	681	1,025
Other receivables	1,880	2,062
Employees receivables	326	228
Total	**11,802**	**24,068**
Amounts falling due after more than one year:		
Financial assets		
Receivables for fees – case administration	16,563	7,536
Receivables for disqualification costs	1,737	2,568
Employees receivables	132	216
Total	**18,432**	**10,320**
Total receivables	**30,234**	**34,388**

Intra-Government balances:	2014–15 £'000	2013–14 £'000
Department for Business Innovation and Skills	421	95
Other central government bodies	847	1,066
Local authorities	95	-
Public corporations and trading funds	13	-
Subtotal:	**1,376**	**1,161**
Bodies external to government	28,858	33,227
Total	**30,234**	**34,388**

The receivables for disqualification costs have been reduced by a provision for doubtful debt of £3,330,534 (2013–14: £2,065,449). The receivables for estate accounts fees have been reduced by a bad debt write-off of £369,767 (2013–14: £440,010).

Included within the above figures are receivables for fees – case administration. The balance is £6.512m for amounts expected to be recovered within one year (2013–14 £16.513m) and £15.563m for amounts expected to be recovered in more than one year (2013–14: £7.536m). This figure represents sums recoverable by the agency for case administration work undertaken, but not yet received. Also included in this figure is £9.6m receivable which will be surrendered to the Consolidated Fund (Note 13).

As explained in Notes 2(a) and 6, the agency, in accordance with IAS18, does not recognise income on the basis of actual fee recoveries. Income is based on the average cost of work undertaken and recognised over a period of 36 months in relation to the work effort expended, regardless of when cash receipts are banked.

The costs of administering bankruptcy or companies winding up are reflected in a case fee. This fee is currently fixed at £1,850 for bankruptcies and £2,400 for companies winding-up. In practice, the agency recovers its fees in part through the receipt of a deposit (£525 for debtor petitions, £700 for creditor petitions and £1,165 for companies) with the balance met as assets in bankruptcy or winding up are realised. Cash recoveries from asset realisations lag behind income recognised in the accounts and the difference between the two is therefore reported as a receivable.

Not all individuals who enter bankruptcy or companies being wound up have sufficient assets to cover the case administration fees. This shortfall is in part made good by the addition of a further fee (Secretary of State fee) on cases where there are assets of more than £2,000 (bankruptcies) and £2,500 (companies).

As with the case administration fee, recoveries from asset realisations which fund the Secretary of State (SoS) fee lag behind the income attributable to case administration and so the difference between the two is included as part of receivables.

Factors which influence the timing, nature and amount of future fee recoveries

The determination of future receivables is subject to considerable uncertainty. It has proved difficult to establish reliable estimates of future asset realisations for cases in bankruptcy or liquidation. The agency combines evidence of past asset recoveries with statistically-based approaches in order to assess overall fee recoveries.

The main forecasting uncertainties are:

- the period over which assets will be realised to fund fee recoveries;
- the pattern of recovery across the life of any case;
- the average realisable value of assets of estates entering bankruptcy or liquidation;
- the impact of current and future economic conditions on the value of assets realised in bankruptcy or winding up;
- the impact of current and future economic conditions on the profile of cases received by the agency;
- the impact of changes made to the fee structure on future recoverability of cases;
- the age of a case, where financial risk is greater when outstanding debt is at its highest;
- wider economic factors e.g. interest rates impacting the value of assets associated with estates;
- the profile of cases undertaken by the agency. For example, Debtor petition cases have typically low asset values making it more difficult to recover the fee charged.

The agency has sought to mitigate risks of under-recovery through significant changes to the fee structure since 2010–11, to better align fees charged to realisable assets.

Where there has been an absence of reliable asset realisation data, the agency has utilised a combination of:

i. historical trend analysis of cash received from fees recovered

ii. statistical forecasts of future cash recoveries

iii. known intelligence on future asset realisation trends

In order to estimate the fair value of the case administration receivable. The agency's Challenge Group (internal and external stakeholders with experience and knowledge of the business and specialists from the modelling community) agreed that the continued use of the above principles was the most appropriate approach.

Assumptions & sensitivity of reported receivables

Forecasting

The agency bases estimates of future fee recoveries on extensive analysis of historical trends to produce forecasts of both the value and timing of future cash flows. Such forecasts are based on data with both low and high forecasting volatility. The difficulty is always identifying the rate of decline in recovery streams but close scrutiny and analysis of past recoveries has provided useful insights on degradation rates. All judgements are tested against historical trends of degradation rates across case years to confirm they are reasonable. The agency also projects forecast recoveries based on statistical techniques and compares the results from the statistical model against the historical trend.

The historical trend forecasts take a view over the last 12 months and compare across specific case years to demonstrate an in-depth probing of the raw data to obtain a greater understanding of the underlying trends which generate the spikes and dips. This approach was supported by the Challenge Group which concluded that the agency must use a combination of historical trends, statistical forecasts and known intelligence on future asset realisation trends.

Whilst the agency has relied on Case Administration model forecasts, given the uncertainties around eventual fee recoveries, the statistical forecasts do provide valuable information on the sensitivity of fee recoveries and provide a helpful view as to the range of uncertainty.

Assumptions regarding underlying asset realisations are:

a) Payment Protection Insurance (PPI) claims will continue to be settled by the major banks during 2015–16 in line with their stated intention to take a proactive approach to clearing out their PPI claims.

b) long term realisations will include the bankrupt's family home and fee recoveries may be impacted by the increase in UK average house prices (notably 9.6% over the year to March 2015).

Sensitivity analysis

Sensitivity analysis has been conducted which has looked at flexing the degradation rates of forecasting recoveries. This analysis has yielded the following results:

- increase in degradation rate of 2% results in an increased write-back of £0.362m
- increase in degradation rate of 5% results in an increased write-back of £1.011m
- increase in degradation rate of 10% results in an increased write-back of £2.092m

(decreasing the degradation rate by the same percentages yeilds the same changes but results in a write-off instead of a write-back).

Receivable figures for all case years are expected to be £12.765m (2013–14: £24.499m) (undiscounted). Strong asset realisations driven by the work of the Official Receivers resulted in fee recoveries in 2014–15 being higher than expected (£12.4m versus £5.8m forecasted as at 31 March 2014). The strong fee recoveries were due mainly to receipts related to Payment Protection Insurance (PPI) claims and long term asset realisations, primarily property interests in bankruptcies. This has enabled the agency to write-back case administration fees, previously regarded as irrecoverable, totalling £15.152m (undiscounted).

The changes to the fee structure in 2010 have resulted in stronger recoveries and improved certainty of the estimate of future fee recoveries. The agency now expects to fully recover all case administration fees relating to case years 2010–11 onwards. As per last year, bad debt write-off remains at 0%.

12 Cash and cash equivalents

	2014–15 £'000	2013–14 £'000
Balance at 1 April	47,751	33,227
Net change in cash and cash equivalent balances	29,832	14,524
Balance at 31 March	**77,583**	**47,751**
The following balances at 31 March were held at:		
Government Banking Service (ISA account)	34,014	32,874
Government Banking Service	43,569	14,877
Balance at 31 March	**77,583**	**47,751**

13 Trade payables and other current liabilities

Amounts falling due within one year:	2014–15 £'000	2013–14 £'000
Payables	41,180	36,883
Accruals	16,701	16,000
Deferred fee income	1,209	664
Service concession arrangement	277	–
Accrued employee benefits	1,973	2,242
Total	**61,340**	**55,789**

Amounts falling due after one year:	2014–15 £'000	2013–14 £'000
Service concession arrangement	891	–
Total	**891**	–

Intra-Government balances:	2014–15 £'000	2013–14 £'000
Within one year:		
Department for Business Innovation and Skills	32,916	37,662
Other central government bodies	18,516	–
Balance with public corporations and trading funds	734	–
Subtotal of Intra-government balances	**52,166**	**37,662**
Bodies external to Government	9,174	18,127
Total	**61,340**	**55,789**
More than one year		
Bodies external to Government	891	–
Total	**891**	**–**

Capital commitments due under service concession arrangements are £362,052 (2013–14: £3,241,776) (Notes 17.1–17.4).

The Intra-Government balance with BIS of £32,915,881 (2013–14: £37,661,589) included the payroll for March 2015 of £2,972,240 (2013–14: £7,694,898) which was paid for directly by BIS and the agency re-imbursed this in the following financial year. The larger element of the balance with BIS was cash funding of £28,131,933 (2013–14: £28,131,933) which was retained to meet cash flow requirements. The amount of cash funding required results from the delay in realising assets in cases and collecting the fees charged on those assets. The agency forecasts future cashflow requirements and this includes an assessment of the timing of future fee recoveries. In 2015–16, we are due to repay £28m to BIS in line with previous years (2013–14: £10m; 2012–13: £45m).

Included within Payables is £9.6m of over-recoveries due to the Consolidated Fund.

Accruals include £4,843,162 (2013–14: £5,879,627) in respect of the costs of compensation payments to employees under a voluntary redundancy scheme.

Deferred income

Deferred income as at 31 March 2015 was £1,208,503 (2013–14: £664,382) of which £687,374 (2013–14: £184,029) related to insolvency practitioner regulation fees. The remaining £521,129 (2013–14: £480,353) related to case administration fee income, for fees recovered on old regime cases (before 1 April 2004) that had not yet been recognised as income in the annual accounts.

The only fee that remained for old regime cases after 1 April 2004 was a SoS fee. The SoS fee was left in place to recover sufficient fees to discharge the cost of completing cases with a pre-1 April 2004 insolvency order (a time and rate fee is used to recover the costs of distribution on old cases). The SoS fee in relation to old regime cases was reduced on 1 April 2006 and revoked on 1 April 2007.

£106,256 (2013–14: £148,720) of deferred income being recognised as income in 2014–15.

	2014–15 £'000	2013–14 £'000
At 1 April	480	509
Additions in year:		
(a) Fees recovered	160	139
Utilised in year:		
(a) Before 1 April 2004 costs	(119)	(168)
(b) Deficits	–	–
At 31 March	**521**	**480**

14 Provisions for liabilities and charges

	Fruitless payments £'000	Pre 1996 Debit balance write offs £'000	Lease dilapidations £'000	Onerous leases £'000	Other £'000	Total £'000
2014–15						
Balance at 1 April 2014	139	138	3,665	592	534	5,068
Provided in the year	26	–	89	159	37	311
Provisions utilised in the year	(15)	–	–	(139)	(350)	(504)
Provisions not required written back	(15)	(5)	(255)	(299)	(159)	(733)
Borrowing costs (unwinding of discount)	–	–	(85)	–	–	(85)
Balance at 31 March 2015	**135**	**133**	**3,414**	**313**	**62**	**4,057**
Analysis of expected timing of discounted flows						
Not later than one year	135	22	684	246	62	1,149
Later than one year and not later than five years	–	88	2,597	67	–	2,752
Later than five years	–	23	133	–	–	156
Balance at 31 March 2015	**135**	**133**	**3,414**	**313**	**62**	**4,057**

	Fruitless payments £'000	Pre 1996 Debit balance write offs £'000	Lease dilapidations £'000	Onerous leases £'000	Other £'000	Total £'000
2013–14						
Balance at 1 April 2013	442	142	4,782	417	660	6,443
Provided in the year	–	–	560	592	420	1,572
Provisions utilised in the year	(261)	–	(1,089)	(416)	(376)	(2,142)
Provisions not required written back	(42)	(4)	(570)	(1)	(170)	(787)
Borrowing costs (unwinding of discount)	–	–	(18)	–	–	(18)
Balance at 31 March 2014	**139**	**138**	**3,665**	**592**	**534**	**5,068**
Analysis of expected timing of discounted flows						
Not later than one year	139	23	522	274	534	1,492
Later than one year and not later than five years	–	92	1,871	318	–	2,281
Later than five years	–	23	1,272	–	–	1,295
Balance at 31 March 2014	**139**	**138**	**3,665**	**592**	**534**	**5,068**

Fruitless payments

Fruitless payments are those losses that relate to acts or omissions where the loss would otherwise result in the non-recovery of insolvency fees or be suffered by creditors or third parties. At the year-end, provisions were held in respect of 99 cases (2013–14: 8 cases) totalling £119,212 (2013–14: £139,212).

Provisions utilised during the year include 1 payment totalling £15,000 related to lost property interest in bankruptcy estates.

Pre 1996 debit balance write offs (DBWO)

Prior to 1 April 1996 fees were handed over to BIS regardless of whether there was enough money in the insolvency estate to pay them. This gave rise to debit balances being created where estates did not realise sufficient monies to pay fees and disbursements charged to them. When these cases were completed these debit balances had to be recovered from BIS. This was achieved by a write-off against current year fees. As at 31 March 2015 the balance of the DBWO on cases which have not yet been completed was £132,660. An amount of £4,519 (2013–14: £4,371) has been written back as no longer required. The annual amount of outflow for this provision remains uncertain, therefore an annual estimated outflow has been calculated based on the decrease in this provision over the next six years. The above estimated outflows have been calculated on a straight line basis.

Lease dilapidations

The agency operates from a number of locations in England, Wales and Scotland. Since 2010 the demand for Official Receiver Services has fallen sharply.

During 2012–13 the agency developed a strategy which envisaged work that would over time reduce the estate footprint by one third, operating from a smaller network of offices augmented where necessary with separate small interviewing facilities. Whilst the approach to future site location was to be framed around a set of principles, roll out in practice has taken account of those offices where opportunities for lease breaks or terminations became available earliest. Such decisions needed to consider the ability to surrender leasehold buildings before the lease has expired and the possibility of sharing office space with other government departments. The project aligns with wider government estate strategy and agendas as led by BIS and the Government Property Unit (GPU).

This strategy continued into 2013–14, where the agency's Board made decisions for the closure/retention and/or relocation of a number of offices. As offices are decommissioned and returned to the Landlord, dilapidations may become payable. Pending decisions on each of the leasehold properties, a reliable estimate for dilapidations costs has been included in these accounts.

The implementation of the Estates strategy outlined above was substantially carried out during 2012–13 and 2013–14. During 2014–15, there were no dilapidation provisions utilised (2013–14: £1,088,902); provisions not required written-back were £255,045 (2013–14: £569,611). The provision for dilapidations represents the estimated settlement cost of this obligation. The agency provided for dilapidations on 7 locations during the year and increased existing provisions, based on the increase in building costs by reference to BCIS (a cost guide provided by the Royal Institution of Chartered Surveyors). Therefore new/increased provisions for dilapidations were £88,971 (2013–14: £559,812). The provision is discounted using the general provision discount rates set by HM Treasury. The value of the provision as at 31 March 2015 is £3,414,687 (31 March 2014: £3,664,700). The undiscounted liability for the agency as at 31 March 2015 is £3,240,742 (31 March 2014: £3,467,642).

Onerous leases

The opening balance of £592,158 related to 4 properties where the agency had taken decisions to exit properties before the lease end date. This balance was in-year as the agency exited all 4 properties before the lease end. One property and its related provision was transferred to the control of BIS. A new provision of £312,418 has been made which relates to the remaining obligations under leases following the expected exit dates.

Other provisions

Other provisions included £533,623 (2013–14: £659,650) brought forward consisting of amounts for potential adverse cost claims in disqualification proceedings and a potential employment tribunal claim.

A total of £37,250 has been provided in the year (2013–14: £420,223) for expected future costs. Provisions utilised during the year total £350,223 (2013–14: £376,000), and the remaining provisions not required written-back total £159,400 (2013–14: £170,250).

All amounts provided for in the year and all provisions not required and written back are recorded as non-cash Programme costs (Note 5).

15 Capital commitments

	2014–15 £'000	2013–14 £'000
Contracted capital commitments at 31 March 2015 and 2014 not otherwise included in these accounts		
PPE – Service concession arrangement	362	2,880
	362	**2,880**

The total contracted capital commitments as at 31 March 2015 and 2014 are for the Atos contract as detailed in Note 17.

16 Commitments under leases

Operating leases

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

	2014–15 £'000	2013–14 £'000
Obligations under operating leases for the following periods comprise:		
Buildings		
Not later than one year	5,190	5,711
Later than one year and not later than five years	15,890	17,604
Later than five years	8,974	11,893
Total	**30,054**	**35,208**
Other		
Not later than one year	162	103
Later than one year and not later than five years	162	–
Later than five years	–	–
Total	**324**	**103**

Operating lease disclosures for 2014–15 exclude the service Concession Arrangement element for an IT contract which is reported separately (Note 17).

17 Commitments under service concession arrangements

The Insolvency Service entered into a contract dated 29 June 2007 for the provision of a desktop infrastructure managed service solution delivering the agency's applications to employees. The requirement was to refresh and upgrade the IT infrastructure, which included desktops, servers and networks. The infrastructure was constructed and/or acquired by the operator for the purpose of the service arrangement. After four extensions to the contract, notice of termination was served on IBM on 16 April with a termination date of 30 April 2014. This date was adhered to and the agency migrated fully to Atos's service provision from May 2014.

Assets under the core contract and the contract change notes were depreciated over their useful life in a pattern reflecting the consumption or loss of rewards embodied in the assets. Over the life of the contract, we had assumed no material residual value. The assets held on our statement of financial position at nil value (the assets were fully depreciated) were disposed of during 2014–15 (see Note 8 PPE).

On 12 November 2012, the Insolvency Service entered into a contractual agreement with Atos for the provision of IT hardware, software and related services under the Desktop 21 framework. The contract runs for an initial term of 5 years from the point at which the 'IBM exit' is complete (30 April 2014).

The roll-out of the desktop delivery was materially complete by 30 November 2013 and therefore the asset was brought into use from the beginning of December 2013. There has been a delay in the transition of the "line of business" applications from IBM (in Warwick) to Atos (in Andover) and consequently the hosting delivery (the hosting of the agency's systems by Atos) has been delayed.

Included within PPE information technology assets (Note 8) is £4,690,827 related to IT infrastructure which has been made available under the contract and has been recognised as a service concession asset, of which there was no transfer from asset under construction (2013–14: £1,026,280).

In addition, non-contract costs totalling £1,916,886 have been incurred. In accordance with IAS17 these costs are deemed to be directly attributable to the service concession asset and have been capitalised. The costs are added to the amounts recognised from the Atos contract and capitalised in conjunction with the most appropriate contract milestone when taking into account the timing and nature of work completed. Of the £1,916,886; £528,578 is recognised as PPE – asset under construction and the balance of £1,388,308 is recognised as PPE – information technology.

17.1 Total obligations under on-balance sheet service concession arrangements for IBM

There are no obligations under on-balance sheet service concession arrangements for IBM, and Interest on the service concession arrangement charged in the year was nil (2013–14: nil).

17.2 Total obligations under on-balance sheet service concession arrangements for Atos for the following periods comprises:

	2014–15 £'000	2013–14 £'000
Rentals due not later than one year	660	1,853
Rentals due later than one year and not later than 5 years	920	1,194
Later than five years	–	25
	1,580	3,072
Less interest element	(50)	(192)
Present value of obligations	**1,530**	**2,880**

Interest on the service concession arrangement charged in the year was £88,111 (2013–14: £165,895).

17.3 Charge to the statement of comprehensive net expenditure and future commitments

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of off-balance sheet (SoFP) Service Concession Arrangement transactions was a final payment of £176,000 (2013–14: £4,613,261). There are no future commitments to IBM.

	2014–15 £'000	2013–14 £'000
IBM		
Not later than one year	–	176
Later than one year and not later than 5 years	–	–
Later than five years	–	–
Total	**–**	**176**

17.4 Charge to the statement of comprehensive net expenditure and future commitments

As the commitment with Atos ends in 2019, there are no commitments later than five years.

	2014–15 £'000	2013–14 £'000
Atos		
Not later than one year	2,266	2,512
Later than one year and not later than 5 years	6,356	8,455
Later than five years	–	166
Total	**8,622**	**11,133**

18 Contingent liabilities disclosed under IAS 37

The agency has the following contingent liabilities:

Banking liabilities

Following the enactment of the Cheques Act 1992, the Secretary of State for Business, Enterprise and Regulatory Reform has indemnified The Insolvency Service's bankers against certain liabilities arising in respect of non-transferable "account payee" cheques due to insolvent estates and paid into the accounts of the agency.

19 Losses and special payments

During the year, the Insolvency Service made the following payments. In all cases, the agency sought formal approval for its proposals and actions in regard to these matters from either HM Treasury direct or indirectly through BIS. As per 2013–14, there were no Special Payments.

Losses statement

Fruitless payments are those losses that relate to acts or omissions in Insolvency cases where the loss would otherwise result in the non-recovery of Insolvency fees or be suffered by creditors or third parties. During the year the agency made 99 fruitless payments totalling £119,212 (2013–14: 142 payments totalling £1,422,530). Of these, there were just two cases totalling £22,514 (2013–14: 57 payments totalling £1.3m) related to the failure to deal with a bankrupt's interest in a family home, and 22 payments totalling £15,880 (2013–14: 63 payments totalling £38,409) related to the failure to admit a creditors proof of debt in the dividend process. The remaining 26 payments were due to compensation following complaints and miscellaneous errors (2013–14: 22 payments).

	2014–15 £'000	2013–14 £'000
Total fruitless payments	119	1,423
Number of cases	99	142

Claims abandoned

Costs are awarded to the Secretary of State when disqualification orders have been made or undertakings given after proceedings have been issued. Such costs would ordinarily cover legal costs. In some cases it is not possible to collect the debts and the agency has to write off some or all the amounts awarded. During the year the agency wrote off 84 cases totalling £607,720 (2013–14: 93 cases totalling £505,929).

	2014–15 £'000	2013–14 £'000
Total claims abandoned	608	506
Number of cases	84	93

20 Related-party transactions

The Insolvency Service is an executive agency of BIS; BIS is regarded as a related-party. During the year, there have been various material transactions with the department and with other entities for which the department is regarded as the parent department (being Companies House).

There have also been various material transactions with other government departments and other central government bodies. Most of these transactions have been with the Treasury Solicitor and HMRC.

None of the board members, key managerial employees or other related parties has undertaken any material transactions with the Insolvency Service during the year.

21 Financial exposure

IAS 32 and IAS 39 govern the presentation, measurement, recognition and disclosure of financial instruments. Disclosures are required in relation to the Financial Instruments which give rise to risks that affect the entity's overall financial position, performance or cash flows.

Due to the largely non-trading nature of its activities and the way in which it is financed, the Insolvency Service is not exposed to the degree of financial risk faced by business entities. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the agency in undertaking its activities.

Interest rate risk

The Insolvency Service's case administration receivables are financial assets in that there is a contractual right to receive cash. The specific risk that needs to be considered is the interest rate risk i.e. the risk that the value of a financial instrument will fluctuate due to changes in interest rate.

The agency discounts its financial assets at the rate determined by HM Treasury, currently 2.2%. The agency recognises that its case administration receivables play a significant medium to long term role in the financial risk profile and believe that by discounting at 2.2% this is an appropriate method to calculate the level of risk faced.

Liquidity and foreign currency risk

The agency has exposure to significant liquidity risks due to the timing of the recoveries of the Case Administration receivables. This risk is managed by the provision of inter-entity cash funding from BIS which allows the agency to retain inter-entity balances to meet cashflow requirements.

The Insolvency Service has no exposure with regards to foreign currency risk.

22 Third Party Cash – DRO pre-application fees

Following extensive public consultation by the Government examining the accessibility of debt relief, it was established that there was a relatively large proportion of debtors who were unable to access any form of debt relief due to the costs involved in seeking relief via bankruptcy or other methods.

Therefore, in order to provide debtors with better access to debt relief, one of the measures introduced by the Tribunals, Courts and Enforcement Act 2007 was a new form of debt relief called a Debt Relief Order (DRO), which came into force from 6th April 2009.

In contrast to other forms of debt relief, DROs are delivered in partnership with debt advisors, primarily from the advice sector. Representatives from the advice sector act as 'approved intermediaries' and assist debtors in making their application for a DRO to the Insolvency Service. Intermediaries are able to apply for a DRO with or on behalf of the debtors via an online application form. It is the Official Receiver, and not the Court, who considers the DRO application. As a result of this, the costs involved in accessing debt relief have been greatly reduced in order to meet the needs of those people who would otherwise be without any other form of debt relief.

A person must complete an application form and pay a fee of £90 to be considered for a DRO by the Official Receiver. Under Section 251B (4) of the Insolvency Act 1986,

(4) For the purposes of this Part an application is not to be regarded as having been made until—

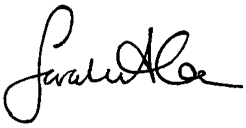
- (a) the application has been submitted to the official receiver; and
- (b) any fee required in connection with the application by an order under section 415 has been paid to such person as the order may specify.

The fee only becomes payable to the Insolvency Service once a DRO application is submitted and subsequently determined by the Official Receiver, as outlined in paragraph 6 (4) The Insolvency Proceedings (Fees) (Amendment) Order 2009.

Applicants can pay this fee in instalments (but the application won't be considered until the full £90 is received), and as such, there is a balance of funds held on behalf of these applicants which is not included within these accounts. On a monthly basis, a procedure is followed whereby any funds due to the Insolvency Service for 'accepted' applications is paid into the agency's bank account (and amounts are accrued at year-end). The current value of the accrued funds shown as income within these accounts is £684k (2013–14: £236k). The balance remaining not yet recognised as income (due to timing and applications not yet being complete) is £458k as at 31 March 2015 (£415k as at 31 March 2014).

23 Events after the reporting period date

There have been no events after the statement of financial position and up to the date the accounts were authorised for issue requiring an adjustment to the financial statements. The date the accounts were authorised for issue is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.



Sarah Albon
Chief Executive
8 September 2015

Annexes

Annex A Sustainability

A

The Insolvency Service continues with its responsibilities to meet the Greening Government Commitments (GGCs).

Table 1 – Greening Government Commitments

Resource	Baseline Year (09–10)	2014–15	Difference	% Difference
Total Carbon (t)	2,391	1,245	-1146	-48%
Office Water (m^3)	20,209	11,378	-8831	-44%
Waste (t)	1,200	244	-956	-80%
Paper (A4 reams)	85,262	21,734	-63,528	-75%
Domestic Flights	448	83	-365	-82%

Over the past 2 years, our estate rationalisation programme continued to form a key part of our overall strategy to reduce running costs and limit our environmental impact, reducing our physical footprint by around a third.

We encouraged employee engagement with our sustainability initiatives e.g. recycling and a ‘switch off’ campaign. In addition there is a strategy to deploy Information and Communication Technology to reduce energy consumption of the wider organisation e.g. using hot-desking, sensors and timers to control heating, lighting and other building infrastructure services.

We continue to use virtual team collaboration environments to reduce travel with the removal of location as a barrier for participation. These include ‘e-meeting’ technologies such as video conferencing and applications such as Microsoft Lync.

Greenhouse gas emissions

We have achieved our target to “reduce our greenhouse gas emissions from energy use on our estate and through UK business transport, against a baseline level from 2009–10, by 25% by the end of 2014–15”.

This commitment was met a year early with emissions in 2013–14 standing at 1,768 tCO_2e and emissions in the year 2014–15 at 1,245 tCO_2e, a significant 46% reduction from baseline.

Figure 1: Greenhouse Gas

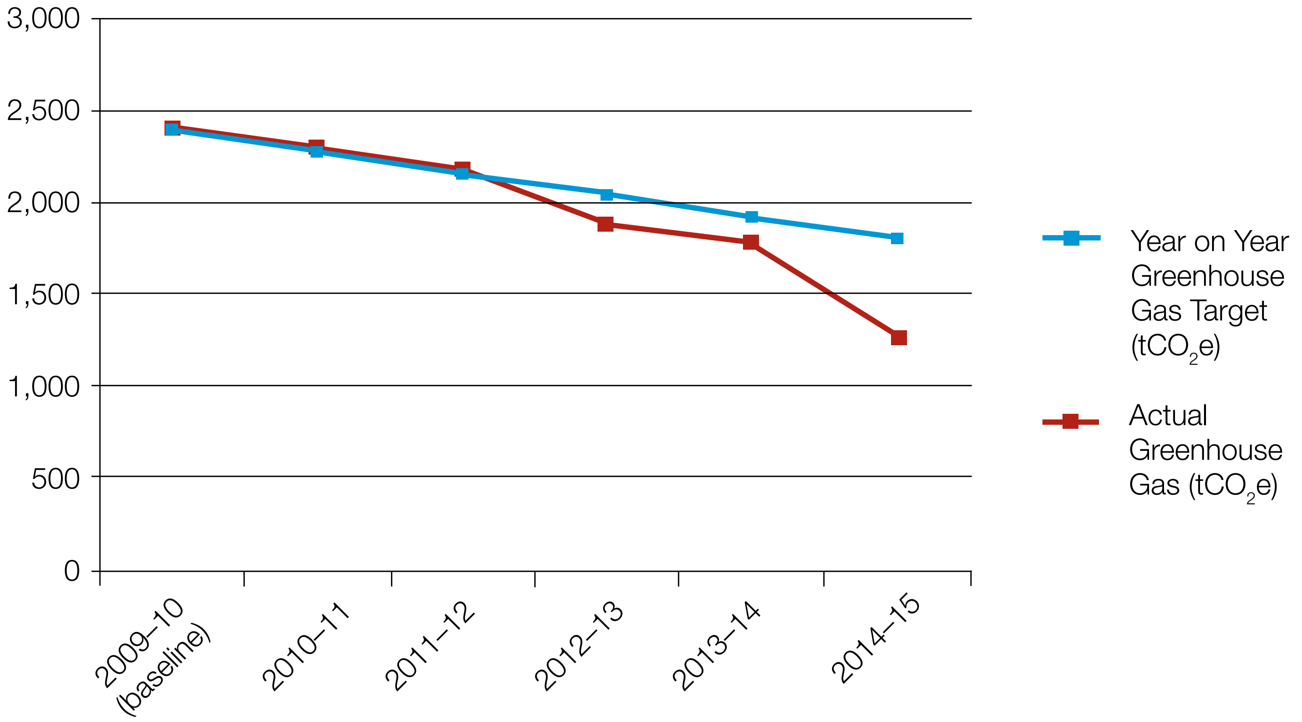


Table 2 below sets out the Agency's reporting requirements for greenhouse gas emissions and costs. We continue to reduce our emissions year on year, in line with our reducing estate footprint.

Table 2 – Insolvency Service Greenhouse Gas Emissions 2011–12 to 2014–15

		2011–12	2012–13	2013–14	2014–15
Non-financial indicators (1,000 tCO_2e)	Total gross emissions	2165	1864	1768	1245
	Total net emissions	–	–	–	–
	Gross emissions Scope 1 (gas)	211	185	169	146
	Gross emissions Scope 2 & 3 (electricity & travel)	1954	1721	1599	1099
Related energy consumption (million kWh)	Electricity: non-renewable	3,871,891	3,227,129	3,079,192	2,005,650
	Electricity: renewable	–	–	–	–
	Gas	1,130,331	997,008	917,288	710,558
	LPG	–	–	–	–
	Other	–	–	–	–
	Total Energy Consumption	5,002,222	4,224,137	3,996,480	2,716,208
Financial indicators (£)	Expenditure on energy	550,357	531,264	571,166	290,918
	CRC licence expenditure (2010 onwards)	–	–	–	–

Water and waste

Water usage and levels of waste both show a continued reduction, with waste levels having declined sharply. This is in part due to improved data capture for our waste production, as well as the continuing reduction in the size of our estate.

Table 3 – Insolvency Water & Waste figures 2011–12 to 2014–15

		2011–12	2012–13	2013–14	2014–15
Estate Water	Consumption (000m^3)	15.69	16.61	14.76	11.38
	Expenditure (£k)	14.99	16.1	9.44	9.22
Estate Waste	Total waste (tonnes)	596	552	216	244
	Waste sent to landfill	297	265	109	105
	Waste incinerated/energy from waste	–	–	–	–
	Waste recycled/re used	298	287	107	139
	% Recycled	50%	52%	50%	57%

Notes

ISBN 978-1-4741-1859-0