



The Insolvency  
Service

## Stakeholder confidence research

### Executive Summary

An executive summary of the quantitative findings from the annual  
Stakeholder Confidence survey 2015/16

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## 1. Overview

This research was conducted to assess and measure stakeholder confidence in the service provided by the Insolvency Service. The research explored:

- Awareness of routes of complaint
- Effectiveness of communications
- Awareness and perceptions of powers available to the Insolvency Service
- Areas of improvement to the service

## 2. Methodology

Populus conducted 480 Computer Assisted Telephone Interviews with stakeholders of the Insolvency Service between 26 January and 18 February 2016. Interviews typically lasted between 12-15 minutes, depending on the answers given.

Respondents are categorised by audience and the audiences are categorised as either 'stakeholders' or 'customers and stakeholders'. Interviews were conducted with:

- Accountants
- Solicitors/barristers
- Institutional creditors
- Non-institutional creditors
- Insolvency practitioners
- Other stakeholders

'Other stakeholders' refers to a sub-group of stakeholders that is comprised of: academics, members of the judiciary, law enforcement, regulatory bodies, other government departments, representative body associations, recognised professional bodies. Please note that as the 'Other stakeholder' sub-group is of a varied audience and the make-up of respondents can vary over time, it is not advisable to try to compare year-on-year results for this audience.

The breakdown of the sample interviewed is as follows:

Audience	Number of interviews	Percentage of stakeholder interviews
Accountants	60	12.5%
Solicitors/Barristers	60	12.5%
Other stakeholders	60	12.5%
Institutional creditors	100	21%
Non-institutional creditors	100	21%
Insolvency practitioners	100	21%
<b>Total stakeholders</b>	<b>480</b>	<b>100%</b>

### 3. Key findings

#### Confidence in the Insolvency Service's investigation and enforcement regime

Confidence with the Insolvency Service's investigation and enforcement regime has decreased slightly since 2014/15, though it has increased amongst two stakeholder groups – accountants and insolvency practitioners. Seven in ten (70%) stakeholders state that they are confident with the Insolvency Service.

#### Understanding of the Insolvency Service's activities

Levels of understanding of the Insolvency Service's activities remain relatively steady, though have increased slightly since 2014/15. 95% of stakeholders say they have a 'fair' or 'very good' understanding of the Insolvency Service's activities, compared to 94% in 2014/15.

#### Awareness of sanctions

Awareness of the sanctions available to the Insolvency Service is high, and has increased since 2014/15. 95% of stakeholders have awareness of at least one of the Insolvency Service's powers. The sanction with the highest level of awareness is 'Banning someone from acting as a company director for a period because of unfit conduct', known by 91% of stakeholders.

#### Effectiveness of sanctions

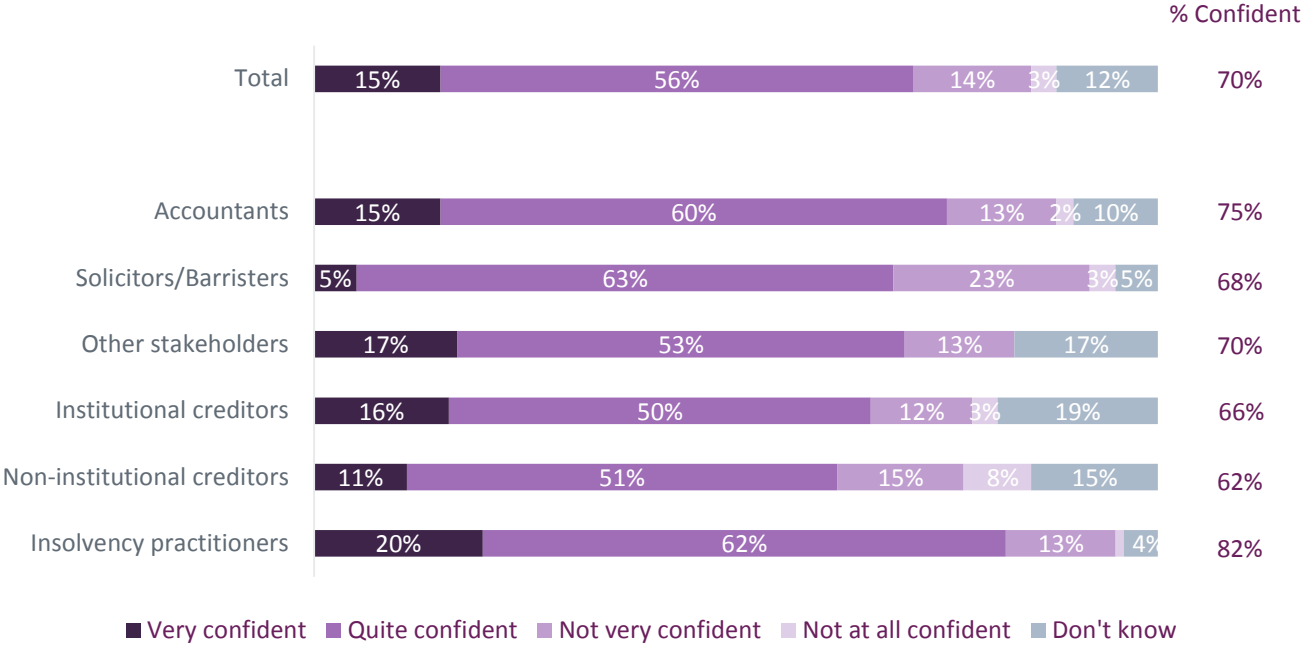
Stakeholders are divided on the effectiveness of sanctions. As in 2014/15, banning someone from acting as a company director is seen as both the most effective sanction (by 31%) and the least effective (21%). 18% say they don't know what the most effective sanction is, and 26% don't know what the least effective is.

#### Contact channels

Knowledge of who to complain to about a disqualified director acting in the management of a limited company, an undischarged bankrupt acting in the management of a limited company, or the activities of a trading or live company has decreased across stakeholder groups since 2014/15 (from 69% to 54% overall). The largest decrease is among insolvency practitioners; almost all (97%) knew who to complain to last year, compared with only 72% this year. Institutional and non-institutional creditors continue to be the least aware of who to contact (41% and 38% respectively).

### 3.1 Confidence in the Insolvency Service's investigation and enforcement regime

Chart 3.1.1: Confidence in the Insolvency Service among stakeholder groups



Q12. Taking everything into account, how confident are you overall with the Insolvency Service's investigation and enforcement regime? Base: All stakeholders (480)

#### Confidence remains at similar levels to last year

After an overall trend of increased confidence to 73% of stakeholders saying they are confident in 2014/15, overall levels of confidence this year have remained similar, at 70%.

Insolvency practitioners have the most confidence in the Insolvency Service (82%), while creditors have the least confidence (66% of institutional creditors and 62% of non-institutional creditors).

Since 2014, levels of confidence have increased most amongst insolvency practitioners (82% in 2015/16 compared to 68% in 2014/15). The most significant drop in levels of confidence since last year is amongst institutional creditors (66% in 2015/16 compared to 88% in 2014/15).

In order to improve confidence, stakeholders say that the Insolvency Service should take more action, give more information about decisions, and provide more communication, though there is no strong consensus among stakeholders. 40% did not offer a way of improving confidence.

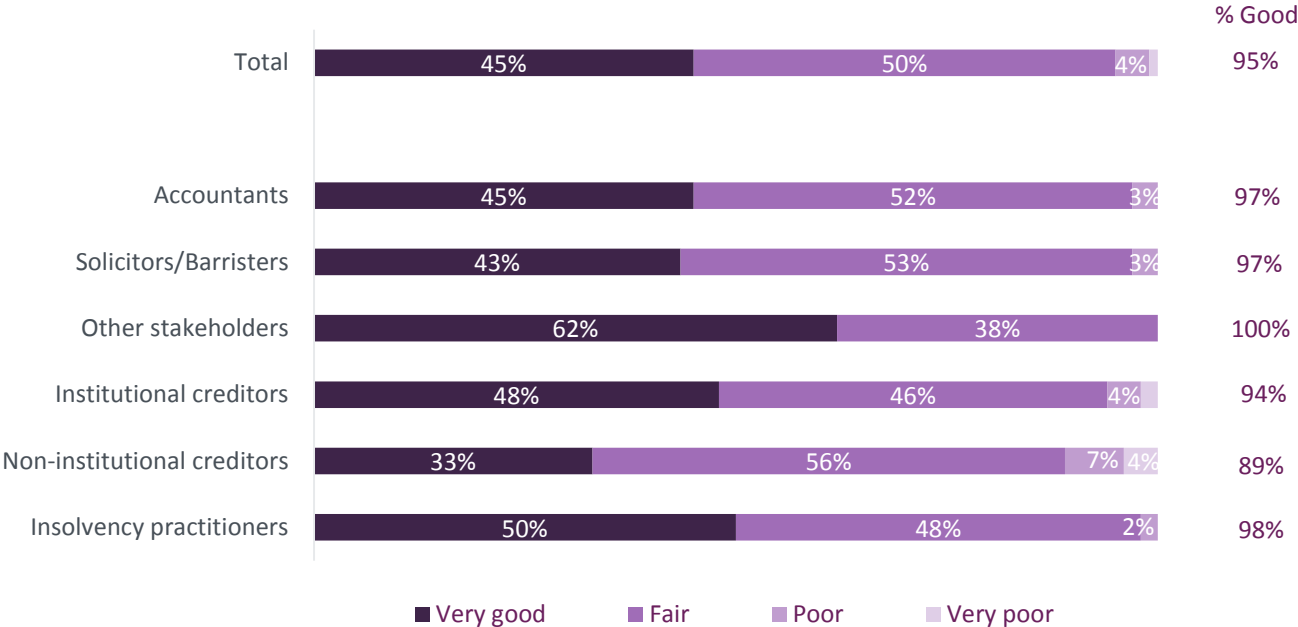
Table 3.1.2 Ways of improving confidence

Q13. What Insolvency to improve confidence Base: All	Response (showing top three)		could the Service do your in them?
	Response	%	
	Take more action	14%	
	Give more information/provide transparency about decisions	10%	
	Communicate more	9%	
	None	40%	

stakeholders (480)

3.2 Understanding of the Insolvency Service's activities

Chart 3.2.1 Understanding of the Insolvency Service's activities by group



Q2. Given what you know and have heard about the Insolvency Service, would you rate your understanding of their activities as... Base: All stakeholders (480)

High levels of understanding across stakeholder groups

High levels of self-reported understanding of the Insolvency Service's activities are repeated again this year, with at least nine in ten of each stakeholder group saying they have either a 'fair' or 'very good' understanding. 'Other stakeholders' say they understand the most, with 62% saying that their understanding is 'very good', compared to only 33% of non-institutional creditors.

### 3.3 Awareness of sanctions

#### Awareness of specific sanctions is high

Table 3.3.1 Awareness of available sanctions by group

% aware	Total	Accountants	Solicitors /barristers	Other stakeholders	Institutional creditors	Non-institutional creditors	Insolvency Practitioners
Banning someone from acting as a company director for a period because of unfit conduct	91	97	93	98	87	82	98
Referral for criminal proceedings	83	88	92	88	70	75	95
Extending the restrictions of bankruptcy because of misconduct by the bankrupt	81	83	97	85	87	61	85
Not discharging a bankrupt because they have failed to cooperate or have abused the bankruptcy regime	80	85	93	85	89	57	85
Asking the Court to stop a company trading when its activities are harming the public	76	80	88	90	61	63	92
I was not aware of any of these powers	5	2	3	0	4	13	0

Q14. Before today, were you aware of any of the following powers available to the Insolvency Service?  
 Base: All stakeholders (480)

As table 3.3.1 shows, the power that stakeholders are most aware of is banning someone from acting as a company director for a period because of unfit conduct. Only 5% say they weren't aware of any of these powers available to the Insolvency Service. Overall, there has been a slight decrease in awareness of sanction powers since 2014/15:

Chart 3.3.2 Awareness of sanctions, 2014/15 and 2015/16



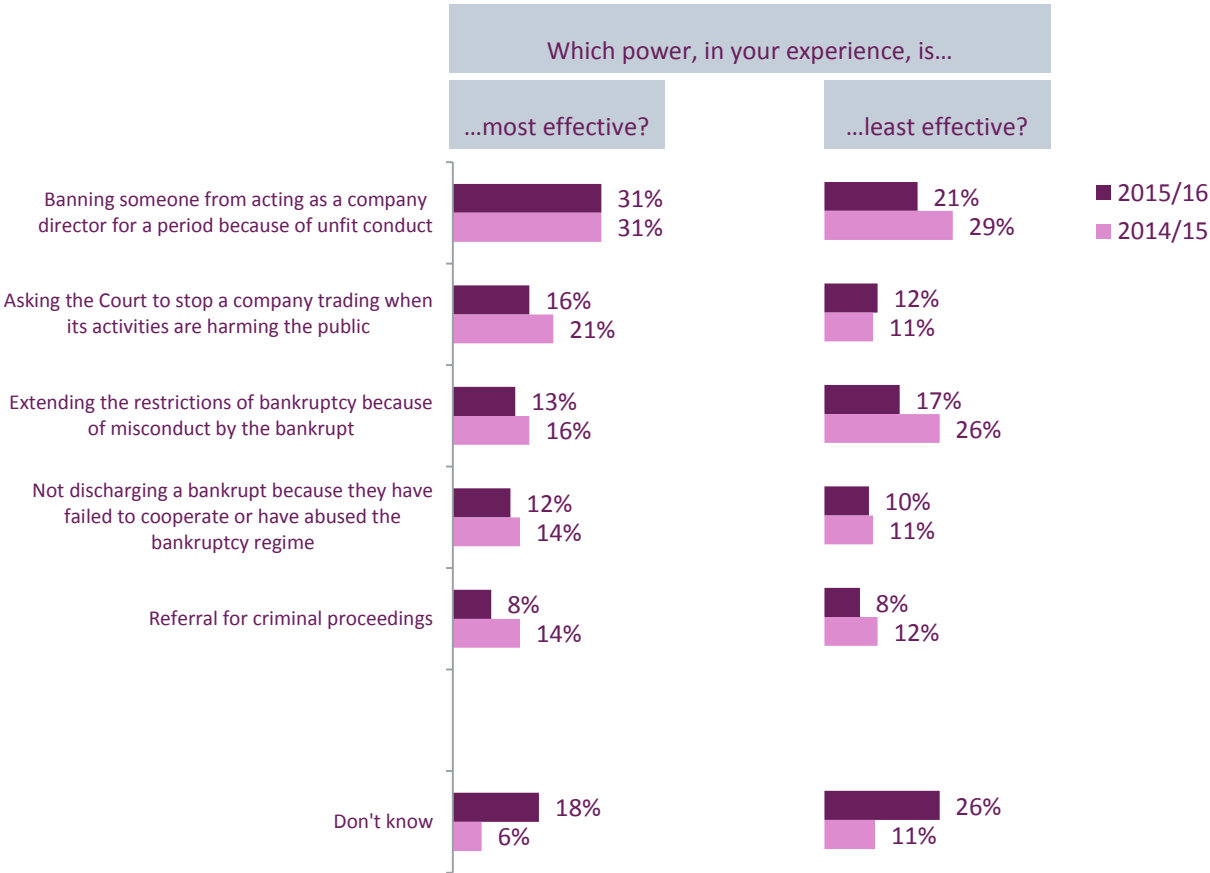


### 3.4 Effectiveness of Sanctions

#### Stakeholders are polarised and uncertainty has increased

Like last year, stakeholders are divided on the effectiveness of sanctions. For instance, 31% think that banning someone as a company director is the most effective power, but 21% say it is the least effective. There has been some significant movement towards uncertainty compared with 2014/15. This year, 18% of stakeholders say they do not know which measure is the most effective, compared with only 6% last year. The same is true for the least effective measure (26% in 2015/16 vs 11% in 2014/15):

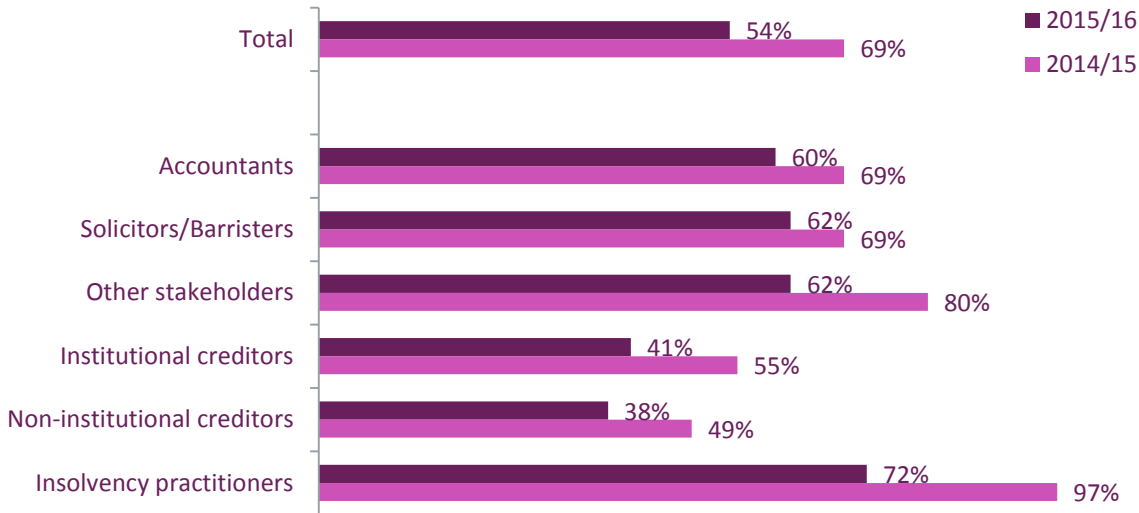
Chart 3.4.1 Most and least effective powers, 2014/15 and 2015/16



Q15, 16 Which power, in your experience, is ...most effective? ...least effective? Base: All stakeholders (480)

### 3.5 Contact channels

Chart 3.5.1 Those claiming to know who to complain to, 2014/15 and 2015/16



Q17 Before today, did you know who to complain to about a disqualified director acting in the management of a limited company, an undischarged bankrupt acting in the management of a limited company, or the activities of a trading or live company? Base: All stakeholders (480)

#### The proportion of stakeholders claiming to know who to complain to has decreased significantly

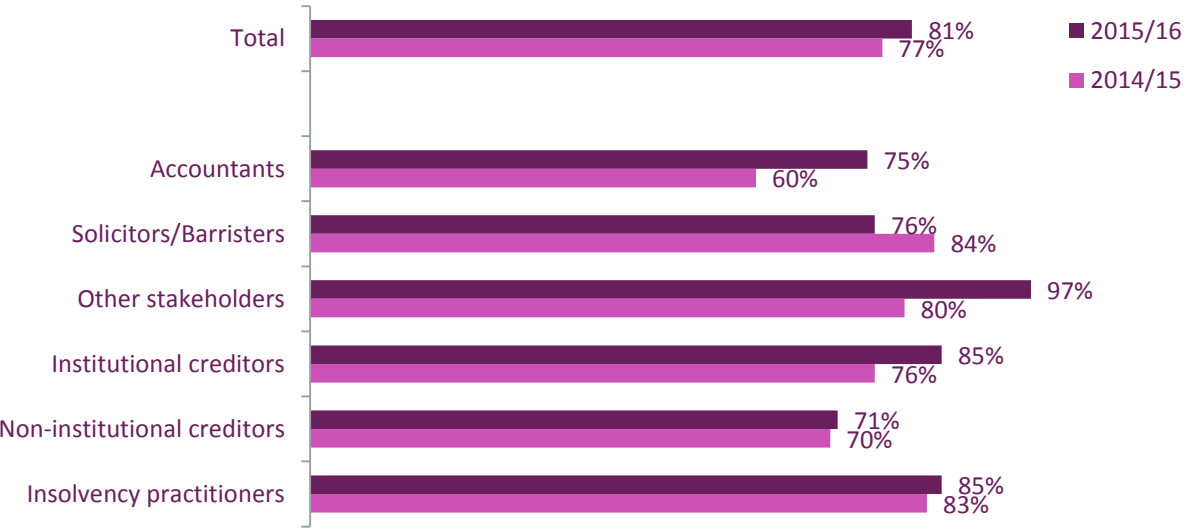
As chart 3.5.1 shows, the proportion of stakeholders who say they know who to complain to about a disqualified director, an undischarged bankrupt acting in the management of a limited company, or the activities of a trading or live company has significantly decreased from 69% in 2014/15 to 54% in 2015/16.

The decrease is consistent across stakeholder groups, but is most noticeable among insolvency practitioners, and ‘other stakeholders’. Almost all (97%) of insolvency practitioners said they knew who to complain to in 2014, compared to only 72% in 2014/15. Four in five ‘other stakeholders’ (80%) said they knew who to complain to in 2014/15, compared to only 62% in 2015/16.

**Those who say they do know who to complain to generally identify the Insolvency Service as the recipient**

Since 2014/15, there has been a slight increase in the proportion who know to complain to the Insolvency Service (81% of those who say they know who to complain to identify the Insolvency Service in 2015/16, compared with 77% in 2014/15). This increase is largely driven by an increase among accountants, ‘other stakeholders’, and institutional creditors. In contrast, fewer solicitors/barristers know to complain to the Insolvency Service than last year, as chart 3.5.2 shows:

Chart 3.5.2 Those who know to complain to the Insolvency Service, 2014/15 and 2015/16



Q18 Who would that complaint be lodged with? (Showing % saying they would lodge their complaint with the Insolvency Service) Base: All stakeholders who felt they knew who to complain to (261)