



The Insolvency  
Service

# Annual Plan

## 2016-17

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## Chief Executive's Foreword

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As this plan is published, we have just introduced a major change in the way that debt relief is delivered, having set up the new Adjudicator Office to deal with bankruptcy applications by debtors. In future those struggling with unmanageable debt will be able to apply for bankruptcy on-line, saving the need for stressful Court applications.

This development is a culmination of many years of planning, but represents only one aspect of a change programme The Insolvency Service is undergoing, transforming the service we offer into one that is adapted to an ever-changing world. In this context I am pleased to present our plan for 2016-17, which builds on previous successes and sets challenging targets for all areas of the organisation.

Although we are proud of our achievements over the past few years, we are conscious of the need to continuously review the way in which we deliver our services. The aim is to ensure that we provide an effective service to customers in the most efficient way possible, maximising the use of new technology and working methods. Work we are doing this year will provide us with an operating model that is designed to give us the flexibility to meet ever changing customer needs.

To deliver successfully, we need a committed and highly skilled workforce. Since becoming Chief Executive just over a year ago, I have been focused on understanding the needs of our people, so that I can ensure they are empowered to deliver the customer experience we want to provide as an organisation. This has culminated in a recent tour of all our offices, where I have been impressed by the ideas generated by local teams for improving their ways of working.

Our customer feedback is another important element of this process and work will be taking place this year to improve our customer focus, and ensure that we obtain insightful and timely feedback from users of our services. As part of this process, I intend to host a stakeholder conference later in the year, where all those with an interest in the service we provide can engage with us and help us to shape the delivery of those services in future.

In an insolvency context, we are very conscious of the need to deliver value for money, as those who benefit from the service we provide are required to pay for it. We receive funds from Government to help fund our investigation work, and will be looking to make changes

to ensure we use a wide range of business intelligence to focus on those cases that provide the best deterrent effect against poor business and commercial behaviour.

We will be looking to achieve all of this against a background of the BIS 2020 programme, looking at how Government will rationalise the delivery of key services. Our own specific context is one of falling case numbers, which has driven a significant reduction in the size of the organisation over the last few years. We look forward to meeting these challenges head-on, and to delivering the outputs set out in this Plan.

# 1. Delivery framework

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## 1.1 Strategic delivery

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The Insolvency Service is the Government agency that provides public services to those affected by financial distress or failure.

We provide the frameworks that deal with insolvency and the financial misconduct that sometimes accompanies or leads to it. Our aim is a corporate and personal insolvency regime which is regarded as fair and that give investors, lenders and creditors confidence to take the commercial risks necessary to support economic growth. For more detail, see Annex A.

The following elements support the delivery of our strategic objectives:

### **Operational Delivery**

We continue to modernise our processes. We will focus on becoming a more efficient agency, expanding digital services and offering increased value for money. The continuing fall in case numbers requires us to be a far more resilient agency. This will be addressed through a thorough review of our operating model, with any resulting changes leading to more agile and proactive processes.

### **Customer focus**

We meet the changing needs of a wide range of customers affected by insolvency or with an interest in the sector, including;

- people who are made bankrupt
- those seeking redundancy payments
- the insolvency practitioners who supervise insolvency proceedings
- directors of failed companies
- those owed money in insolvency cases.

We also support Ministers, and in 2016-17, they have requested that we continue the recast and consolidation of the 1986 Insolvency Rules. We will modernise the structure of the Rules, simplify the language, and use the opportunity to reduce the burden of red tape. Additionally, we will ensure that the corporate framework continues to deliver the best outcomes for business by undertaking a consultation on options for reform.

### **Our People**

We aim to build a confident, professional and high-performing workforce. We want employees to be highly engaged in delivering for our customers and well supported to meet the needs of a changing organisation. We will also develop a workforce that feels both recognised and rewarded for their work and dedication.

### **Robust funding and support functions**

We will continue to work within the boundaries set by the 2015-20 spending review. We will develop more efficient ways of supporting our front-line operations and we will deliver greater value for public money through revisions to our fees structure and by assessing options for our estates strategy.

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

## 2. Ministerial targets

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

Ministerial target		2015-16 target	2015-16 performance	2016-17 target
Customer Satisfaction	Per cent of customers that are satisfied with the Insolvency Service.	N/A (new methodology for 2016-17)	82%	85% of respondents
Operational Effectiveness	Average calendar days taken to issue reports to creditors for bankruptcy cases.	N/A (new measure for 2016-17)	31 days	Less than 30 days
	Average calendar days taken to issue reports to creditors for company cases.	N/A (new measure for 2016-17)	44 days	Less than 45 day
	Total value distributed to creditors.	N/A (new measure for 2016-17)	£32.6m	Not less than £45m
	Average calendar days taken to action a redundancy payment.	N/A (new measure for 2016-17)	16 days	Less than 16 days
	Per cent of redundancy payment claims actioned.	92%	95% within six weeks	95% within 6 weeks
	Average time taken to obtain a disqualification.	N/A (new measure for 2016-17)	23.4 months	Less than 24 months
	Average time taken to obtain a bankruptcy restriction.	N/A (new measure for 2016-17)	11.7 months	Less than 11 months
Financial management	Deliver against agreed budget and to produce an annual report that is laid before the Parliament summer recess with no audit qualifications.	N/A (new measure for 2016-17)	Achieved	Achieve

## 3. Operational Delivery

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### 3.1 Objectives

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The Agency requires a stronger, more resilient and responsive service delivery model. In 2016-17, we will implement new and innovative ways of working, more flexible work practices and a more agile delivery model, underpinned by our digital strategy.

In the coming year, we will identify and start to deliver changes to the current operating model to:

- enable the efficient and effective delivery of the Agency's core statutory functions, ministerial objectives and agendas;
- establish the infrastructure to deliver operating efficiencies across all areas of the Agency - delivering better services at a lower cost;
- establish a highly skilled, high performing, flexible and engaged workforce.

During the year, we will drive efficient use of resources in our distribution teams, enabling us to make dividend payments to creditors more efficiently and rapidly, whilst ensuring we maximise asset recoveries on insolvent estates. This will benefit the economy by returning funds into circulation sooner and ensuring the impact on creditors is minimised.

In 2016-17, our digital initiatives will not only help us to better meet our customers' needs, but they will also bring opportunities for increased value for money. These opportunities include efficiencies within our Official Receiver Services in the making of bankruptcy orders on debtor applications following the introduction of Online Debt Solutions, and savings to both Insolvency Practitioners and the agency through the new electronic submission of director conduct reports.

We are also revising our investigation and enforcement processes, with respect to both insolvent and live investigations. In 2016-17, our new, expedited investigations process will ensure that disqualification undertakings are obtained at the earliest possible point whilst being consistent with the fair treatment of the defendant.

The expedited process will free up valuable investigator capacity to enable the same enforcement outcomes to be delivered with less resource.

Likewise, early disqualifications should benefit the economy by minimising the harm caused by rogue directors and by enhancing our stakeholder's confidence in the agency's enforcement regime.

## 3.2 Targets

Performance measure		2015-16 performance	2016-17 target
3.2.1	Average calendar days taken to issues reports to creditors for bankruptcy cases: <sup>i</sup>	31 days	Less than 30 days
3.2.2	Average calendar days taken to issues reports to creditors for company cases: <sup>i</sup>	44 days	Less than 45 days
3.2.3	Average calendar days taken to conduct the first telephone interview following a debtor's bankruptcy order:	13 days	Less than 10 days
3.2.4	Average calendar days taken to conduct the first face-to-face interview following a creditor petition/complex debtor bankruptcy order:	43 days	Less than 30 days
3.2.5	Average calendar days taken to conduct the first interview following a compulsory winding-up order:	68 days	Less than 55 days
3.2.6	Total value distributed to creditors: <sup>i</sup>	£32.6m	Not less than £45m
3.2.7	Average calendar days taken to action a redundancy payment: <sup>i</sup>	16 days	Less than 16 days
3.2.8	Per cent of redundancy payment claims actioned: <sup>i</sup>	95% within six weeks	95% within 6 weeks
3.2.9	Per cent of bankruptcy orders made:	n/a <sup>ii</sup>	95% within 2 days
3.2.10	Average time taken to obtain a disqualification: <sup>i</sup>	23.4 months	Less than 24 months
3.2.11	Average time taken to obtain a bankruptcy restriction: <sup>i</sup>	11.7 months	Less than 11 months
3.2.12	Per cent of authorised proceedings which result in an enforcement outcome: <sup>iii</sup>	96%	Not less than 80%

Enforcement outcome planning assumptions		Lower	Upper
3.2.13	Disqualifications:	1250	1350
	Bankruptcy and Debt Relief Restrictions:	440	460
	Live Companies Investigations:	150	160

<sup>i</sup> Ministerial target

<sup>ii</sup> Online Debt Solutions launched April 2016

<sup>iii</sup> For director disqualifications, bankruptcy restrictions and live company investigations.

## 4. Customer focus

### 4.1 Objectives

In 2016-17, we will continue to improve our public-facing services and communications. We will gather robust feedback from all of our key user groups and use this intelligence to further understand our customers' needs, evaluate and benchmark our performance and highlight areas for improvement.

We will implement a new approach to how the agency handles the complaints we receive, enabling us to improve accountability and to drive the quality of our work. In response to user feedback we will enhance the content on our gov.uk website, and improve the clarity and quality of our written communications.

Building on the success of our current digital services, which have experienced exceptionally high levels of uptake, we will prioritise further digital projects, enhancing the ways our customers can interact with the agency and improving the services we provide. In 2016-17, we will:

- Enable people in unmanageable debt to easily apply for debt relief through our Online Debt Solutions. This digital initiative will include the removal of the courts from the making of bankruptcy orders on debtor petitions, reducing the burden on the courts and streamlining the process for our customers.
- Implement legislative changes in insolvency practitioner reporting of director misconduct by introducing a new approach to 'D-reporting', allowing electronic submission of director conduct information by insolvency practitioners through a new conduct assessment service. The digital process will enable the agency to complete an initial sift of all company insolvencies, and select the right cases for potential investigation.

### 4.2 Targets

Performance measure		2015-16 performance	2016-17 target
4.2.1	Per cent of customers <sup>i</sup> that are satisfied with the Insolvency Service: <sup>ii</sup>	82%	85% of respondents
4.2.2	Per cent of complaints answered substantively:	82%	85% within 10 working days
4.2.3		92%	95% within 20 working days
4.2.4	Per cent of lost calls to the Insolvency Enquiry Line:	7%	Less than 5% of total calls received
4.2.5	Average call wait-time for the Insolvency Enquiry Line:	63 seconds	Less than 60 seconds

<sup>i</sup> a) Debt relief order debtors; b) approved intermediaries; c) bankrupts; d) directors of insolvent companies; e) redundancy payment claimants; f) institutional creditors; g) non-institutional creditors; i) insolvency practitioners.

<sup>ii</sup> Ministerial target

## 5. People

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### 5.1 Objectives

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Every individual in the agency plays an important role in our successes and in delivering our objectives. In 2016-17, we will continue to harness and nurture the skills and experience of our staff, and develop their engagement. We want to enable everyone to be the best they can be and value the blend of skills, experience and background that a diverse workforce brings. This, in turn, will drive the performance of the agency.

To attain sustainably good performance against a backdrop of ever-evolving demands, we need to focus on successfully delivering change. We will support this through developing the skills of our people and aid them by providing the necessary practical tools and policies. This will be an important element of successfully delivering the changes to our operating model

We will also sharpen our workforce strategy, including:

- addressing talent development and increasing the mobility of high-potential individuals within the agency;
- addressing our reward and recognition structure to ensure our people feel valued for their effort and commitment;
- continuing to support the Government's apprenticeship agenda by attracting and developing apprentices to support the delivery of the agency's objectives;
- regularly evaluating and reporting progress against our objectives to the agency's People Committee.

We will continue to develop the technical and professional skills of our people. Leadership and line management will also be a focus, building upon activities such as the successful Management Development Programme. We will place greater significance and transparency on the equality and diversity of our people, and address the importance of well-being through their health and safety.

The engagement and motivation of our employees as a whole will be a significant objective, bringing together a number of these priorities along with the recently developed organisation-wide network of passionate engagement champions.

Accurate and timely information will be key to our work as it will inform and focus our activities, decisions and measurements. Another key factor is continuous improvement, particularly across our policies and processes to ensure they are fit for purpose, efficient and customer-focused.

## 5.2 Targets

Performance measure		2015-16 performance	2016-17 target
5.2.1	Average working days lost per employee (sickness absence):	7.7 days	7 days or fewer
5.2.2	Number of apprenticeships awarded	14 (new target for the final quarter of 2015-16)	34 (2.3% of the workforce)

Civil Service People Survey results		2015-16 performance	2016-17 target
5.2.3	Employee Engagement Index:	51%	Increased score (from 51%)
5.2.4	Employees who have personally experienced bullying or harassment at work:	12%	Decreased score (from 12%)
5.2.5	Employees who have personally experienced discrimination at work:	11%	Decreased score (from 11%)
5.2.6	I feel that change is managed well in the Insolvency Service:	25%	Increased score (from 25%)

## 6. Robust funding and support functions

### 6.1 Objectives

Delivering within the envelope of the 2015-20 spending review and against a backdrop of falling case numbers will prove challenging for the agency. We have already delivered significant reductions to our cost base, which has decreased by 36% (c. £60m) since 2010-11, and has seen reductions to our staffing, estates and technology expenditure.

From 2016-17, changes to our operating model will enable our corporate centre to more efficiently and effectively support our frontline public services. We will implement more innovative ways of working and build a more agile support infrastructure, centred on improving our customers' experience.

Our estates strategy will be developed as a core element of our operating model's redesign. We are currently assessing options to reduce our estates footprint, such as relocating from more costly sites and increasing the use of our remote interview facilities.

In 2016-17, we will implement a key revision to the agency's funding model through our new official receiver fee structure. Following the completion of a successful HM Treasury review, the new fee structure will bring a number of benefits to the agency including: achieving full cost recovery on our official receiver services and reducing our reliance on taxpayer funding; further aligning our fee structure with the principles of Managing Public Money; and providing greater transparency of our fees to HM Treasury and other stakeholders.

In addition to the new fee structure, which is planned to be in operation from July 2016, there are several key financial assumptions within our 2016-17 budget, including: case volumes are around 13,600, our BIS funding allocation is £33.7m, and our forecast staffing profile.

### 6.2 Targets

Civil Service People Survey results		2015-16 performance	2016-17 target
6.2.1	Deliver against agreed budget and to produce an annual report that is laid before the Parliament summer recess with no audit qualifications: <sup>i</sup>	Achieved	Achieve
6.2.2	Estate space utilisation per m <sup>2</sup> :	9.8 m <sup>2</sup>	10m <sup>2</sup> per employee <sup>ii</sup>
6.2.3	Cost per m <sup>2</sup> of the Insolvency Service estate:	£547 per m <sup>2</sup>	Decreased cost per m <sup>2</sup>
6.2.4	Per cent of supplier invoice payments:	80%	80% paid within 5 days
6.2.5		92%	100% paid within 30 days

<sup>i</sup> Ministerial target

<sup>ii</sup> Government Property Unit target

## 6.3 Budget

Agency total			
	2015-16		2016-17
Income/Funding	Budget £000	Outturn £000	Budget £000
Case Administration Net	43,493	43,601	42,519
Over Recovery (Additional Income)	10,000	15,100	4,830
BIS funded Investigation & Policy	35,252	35,252	32,252
HMRC Redundancy Funding	7,852	7,852	7,588
Other Fee Funded Activity	8,249	8,976	9,548
BIS Non-Cash Funding	-	-	1,414
	104,846	110,781	98,151

  

	Budget £000	Outturn £000	Budget £000
Operating Expenditure			
Staff Costs - Perm	59,599	58,928	59,508
Staff Costs - Non-Perm	3,146	4,269	1,694
	62,745	63,197	61,202

  

Estate	10,638	10,092	10,235
Legal	9,002	13,410	7,844
IT, Printing & Postage	8,205	6,211	9,606
Other	14,613	6,132	12,414
	105,203	99,042	101,301

  

Operating (Deficit)/Surplus <sup>i</sup>	(357)	11,739	(3,150) <sup>ii</sup>
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<sup>i</sup> 2015-16 budget vs outturn variance primarily driven by: stronger recoveries from payment protection insurance asset realisations; case admin write-back where the agency has received income previously written-off; and IT service delivery credits.

<sup>ii</sup> 2016-17 deficit is non-cash

## Annex A: Our story

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

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

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

- We provide access to online debt solutions by way of Debt Relief Orders and bankruptcies on debtors' own applications.
- Our official receivers deal with personal debt and insolvent businesses – realising and distributing assets, helping people get back on their feet financially, and carrying out investigations to support the integrity of the insolvency system.
- Our investigators scrutinise director and corporate behaviour, investigating and disqualifying those who abuse the system – protecting the economy to the tune of £100,000 for every disqualified director.
- Our Redundancy Payments Service ensures people receive redundancy pay and other statutory entitlements when a company fails – protecting people at a time when they may be at their most financially vulnerable.

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

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

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

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