The Insolvency Service

The Insolvency Service

Annual Report and Accounts 2023-2024

HC 91

The Insolvency Service

Annual Report and Accounts 2023-24

For the period 1 April 2023 to 31 March 2024

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 22 July 2024.

HC 91

This publication is available at www.gov.uk/official-documents.

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

ISBN 978-1-5286-5029-8
E-Number: E03151952 07/24

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office

The Insolvency Service is an executive agency, sponsored by the Department for Business and Trade.

16th Floor, 1 Westfield Ave
LONDON
E20 1HZ
United Kingdom

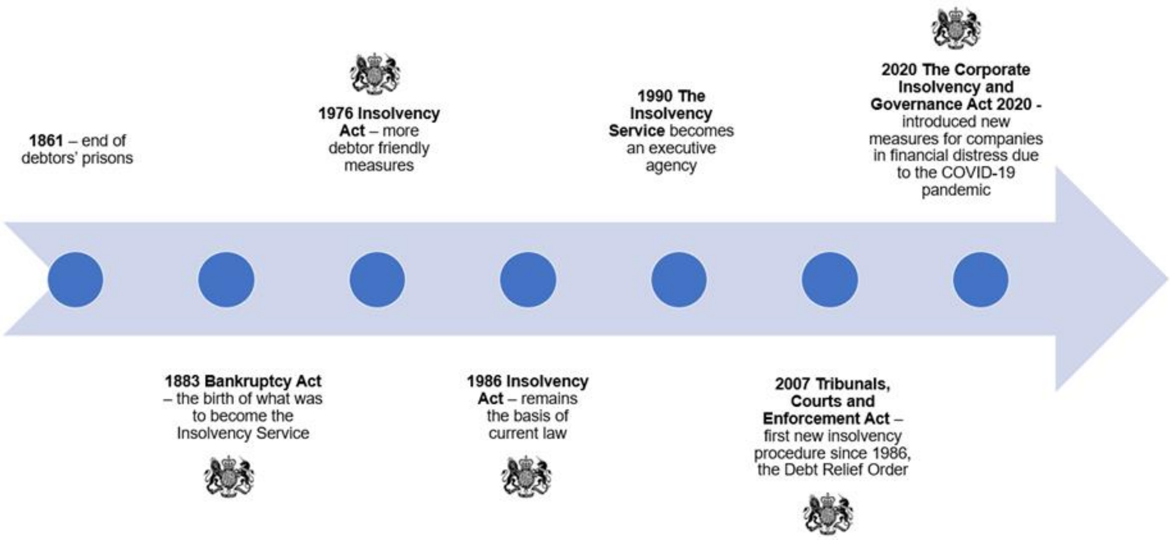
List of contents

1. Performance Report

Performance Overview

Chief Executive's foreword

A historical service in a modern world



The Insolvency Service has a proud tradition of delivering for the British people. As far back as the 19th century Official Receivers were dealing with financial failure. And although much has changed over the last 140 years, our core objective to deliver economic confidence, still holds true.

We are now half way through our 5-year strategy to ensure that the Agency is at the centre of a fair, efficient and effective insolvency system. Our insolvency framework is rightly regarded as one of the best in the world, and we want to maintain that reputation, keeping pace with the way people manage their affairs in today's environment.

This year's annual report showcases how we are taking steps to strengthen the insolvency regime to ensure it works effectively for all its stakeholders whilst at the same time continuing to provide excellent service for all our customers. This year, we increased our customer satisfaction score and achieved our target of 84%.

During 2023-24 our Official Receivers handled nearly 11,000 new insolvency cases, a significant increase from just over 9,000 in 2022-23. We returned nearly £60m to the economy through dividends returned to creditors, an increase of nearly £15m from the previous year. This has been enabled by successfully improving and streamlining the way our Official Receivers operate.

Our Redundancy Payments Service provides a vital service for people who are owed money due to the insolvency of their employer. This year we helped people who had lost their jobs due to no fault of their own by processing over 85,000 redundancy related payments in an average of less than 10 days, an improvement on last year of over 30%.

Our personal insolvency regime has its roots in the Victorian era and has evolved over time to become far more flexible, recognising the difficulties faced by those who cannot pay their debts as well as the rights of creditors. The successful Breathing Space scheme, launched in 2021, gives people in problem debt the right to legal protections from creditor action for up to 60 days. Last year we granted 89,351 applications including 1,388 for people in a mental health crisis. Recently announced changes make it easier for some of the most financially vulnerable people in England and Wales to obtain a Debt Relief Order, continuing our support for people in financial distress.

The importance of establishing the causes of financial failure is a core part of our work and our ongoing vital criminal and civil work to tackle financial wrongdoing helps deliver economic confidence. This year we have completed 87 criminal prosecutions, undertaken 139 live company investigations and disqualified 1,222 directors for misconduct, a return to pre-Covid levels.

The misconduct we investigate reflects modern challenges and new legislation. Our continued focus on Covid loan abuse led to 831 disqualification outcomes, 93 bankruptcy restrictions and 22 criminal prosecutions for offences in this area. It also enabled us to take steps to recover nearly £3m for the taxpayer.

Our new Anti Money Laundering Intelligence Cell, funded by the new Economic Crime Levy, was launched in February 2024. This work has already achieved significant success in disrupting organisations involved in money laundering, crypto scams and threats to UK financial and national security. We are also putting systems in place to investigate new offences to tackle economic crime and support economic growth introduced by the Economic Crime and Corporate Transparency Act 2023. This new legislation has also provided us with a new fee funded income stream for our corporate investigation and enforcement activity, key to helping us achieve a sustainable funding model.

In July 2023 we successfully launched our directors' information hub, to help directors understand their duties and avoid insolvency. This online collection of concise, bitesize information and animations guides directors through the lifecycle of a company to help them make the right decisions at the right times, which we will continue to update and improve. Since its launch there have been nearly 20,000 unique views and the monthly trend is upwards.

Making best use of technology means we will be able to serve our customers efficiently, effectively and in a way to suit them. We plan to digitalise more services and forms for our customers, making them easier to use and more accessible and secure. Over the course of the year, we have continued to develop a modern adaptable case management system that will generate significant efficiency savings.

We have also put plans in place to equip our staff with new hardware to increase productivity and reliability.

Looking back at our rich history, the first Official Receiver was appointed in Birmingham in 1884 and papers from that time show that there were considerable discussions about the location and costs of office premises. Fast forward to 2024, and by the time it is completed, our Transforming Workplaces project will have moved our estate footprint from 22 sites throughout the country to 11 Regional Centres based around the best locations for our customers. Our centres will offer our people vibrant, modern workspaces where they can collaborate and engage with their colleagues. This year colleagues from our Edinburgh and Croydon offices moved into new offices and colleagues from our Reading, Blackpool and Birkenhead offices relocated to Regional Centres.

This foreword gives only a small snapshot of the diverse range of work the Agency undertakes. The full report offers an insight into our achievements against our annual plan for 2023-24. I am immensely proud of everything we have delivered. This is testament to the continued professionalism of our people as they provide first class services for our customers alongside delivering the significant levels of change required to ensure the Agency continues to fulfil its purpose in a changing world.

Dean Beale, Chief Executive

Who we are and what we do

This report is designed to give an overview of the activities and performance of the Insolvency Service, ‘the Agency’, during the year. More detailed analysis can be found in our accountability report and financial statements.

Who we are

The Insolvency Service is an Executive Agency of the Department for Business and Trade (DBT), currently based in 16 locations across Great Britain. DBT retains financial and operational supervision over the work we do and approves our strategies and budgets.

On 7 February 2023, the prime minister announced a major machinery of government change which redistributed the activities of several existing government departments and created three new departments including the Department for Business and Trade. The Insolvency Service has been designated to the Department for Business and Trade with accounting officer responsibilities formally transferred from 1 April 2023.

We are governed by the Insolvency Service Board, comprised of executive and non-executive members. The Board is responsible for the long-term success of the Agency, which includes setting strategic aims and objectives, making sure that leadership and other resources, including an effective risk management and assurance framework, are in place, challenging and supporting management performance, and reporting to DBT.

Our governance statement provides further detail about our Board and various committees.

For information on our status as an Executive Agency, the Classification of public bodies: information and guidance summarises the main characteristics of different types of public bodies.

What we do

We oversee and foster a world class insolvency regime. Our core objective is to deliver economic confidence by supporting those in financial distress, tackling financial wrongdoing and maximising returns to creditors.

Our Official Receivers deliver an essential public service by dealing with people subject to bankruptcy and insolvent businesses, realising and distributing assets, helping people to get back on their feet, and carrying out investigations to support the integrity of the insolvency system and the wider business and lending economy.

Our investigators scrutinise director and corporate behaviour, investigating those who abuse the system, and work to disqualify unfit directors to protect the public and business from future harm. We also investigate trading companies and take action to wind them up where they have been operating against the public interest. We investigate and prosecute breaches of company and insolvency legislation and other criminal offences on behalf of DBT.

Our Redundancy Payments Service makes sure people receive redundancy pay from the National Insurance Fund (NIF) and other statutory entitlements when a business fails.

Our adjudicator, Debt Relief Order (DRO) and Breathing Space teams help to support those in financial distress by managing and administering bankruptcy, DRO and Breathing Space applications.

We act as an impartial source of information for the public on insolvency and redundancy matters and advise DBT ministers and other government departments.

Our objectives

This annual report and accounts sets out the Agency's performance and achievements for, and reports on, the delivery of objectives we published in our 2023-24 annual plan.

Those strategic and operational objectives to ensure continued delivery of excellent customer service were to:

- Strengthen our system regulation and improve the insolvency framework
- Strengthen our reputation and impact in investigation and enforcement
- Sharpen our operating focus
- Shape a new approach to prevent insolvency and rehabilitate through education and guidance
- Strengthen and modernise our technology and infrastructure
- Shape the Agency as a great place to work
- Sharpen our financial model to ensure sustainability

Strengthen our system regulation and improve the insolvency framework

Objective	Status	Commentary
Implement the findings of our UNCITRAL[1] consultation on new model laws to facilitate cross border insolvency subject to Ministerial agreement.	In progress	The Government has committed to introduce the UNCITRAL model law on Enterprise Group insolvency as soon as possible, and to give further thought to some of the more technical areas surrounding the law concerning insolvency related judgements.
Implement the Government's response to its consultation on reforming the way insolvency practitioners are regulated.	In progress	Since issuing the Government's response to its consultation in September, we have been working constructively with the Recognised Professional Bodies exploring ways to harmonise regulatory processes and shape future legislation to deliver consistent, high quality regulatory outcomes.

[1] United Nations Commission on International Trade Law

Objective	Status	Commentary
Publish the findings of the Government's review of personal insolvency and develop proposals to improve the regime for people in financial distress.	Achieved	New measures have been developed to make it easier to obtain a Debt Relief Order and work is ongoing on further long-term measures.
Implement a refreshed stakeholder engagement programme to enhance transparency and trust in relation to what we do.	Achieved	During the year we launched a new "Critical Friends Panel" to provide a forum to discuss key issues between ourselves and industry stakeholders.
Consult on changes to our official statistics publications to improve trustworthiness, quality and value to users.	Achieved	Following consultation, we have merged our monthly and quarterly statistics and now publish a seasonally adjusted set of monthly statistics. The provision of these new, more frequent statistics will aid debate and decision-making, improve trustworthiness, quality and value to users and are compliant with the Code of Practice for Statistics.

Performance analysis

Our insolvency framework is rightly regarded as one of the best in the world: delivering economic confidence by supporting those in financial distress, tackling financial wrongdoing and maximising returns to creditors.

The insolvency profession, which is key to delivering the UK's insolvency framework, plays a pivotal role in maintaining our reputation as a world-leading jurisdiction, helping to create the level playing field and economic environment that encourages investment and economic growth.

This year we have made significant progress towards modernising and reforming our insolvency regime.

International insolvency

In July, we published the Government's response to its consultation on introducing two new model laws. We were grateful for the considered responses to the consultation which made it clear that there was a divergence of views within our expert stakeholder community in relation to what is a very technical area. The Government has committed to introduce the UNCITRAL model law on Enterprise Group insolvency as soon as possible, and to give further thought to some of the more technical areas surrounding the law concerning insolvency related judgements.

Personal insolvency review

We published the Government's response to its call for evidence on the personal insolvency framework in August 2023. It announced a fundamental review of the entire personal insolvency regime. Up to 100,000 individuals enter a formal insolvency process each year and this was a real opportunity to make a difference to people in financial distress and update a regime that has its roots in the Victorian era.

Following the announcement, we developed measures to make it easier to obtain a Debt Relief Order and these were announced in the Chancellor's spring budget statement. The changes are:

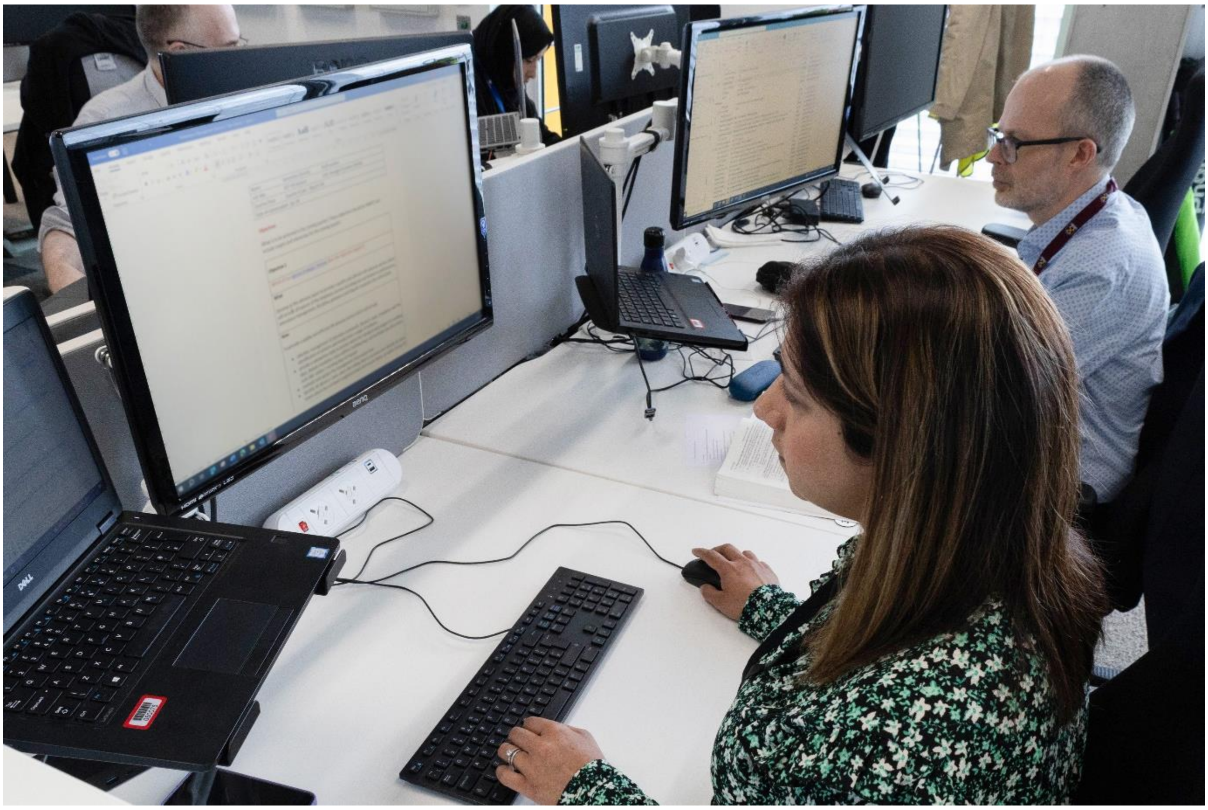
- The permanent removal of the £90 administration fee that applicants need to pay
- An increased debt threshold, from £30,000 to £50,000, meaning more people will be able to apply for a DRO
- The value of a single motor vehicle that can be disregarded increased from £2,000 to £4,000 to help DRO applicants retain a personal vehicle

The fee was abolished with effect from 6 April 2024 and orders to change the monetary limits, to come into force on 28 June 2024 were laid in May. We will monitor the effect of these changes on DRO case numbers. We are now working on longer-term structural change, and we expect to consult on that later in 2024-25.

Refreshed stakeholder engagement

During the year we launched a new "Critical Friends Panel" to facilitate a frank exchange of views between ourselves and key industry stakeholders. This will help us to maintain our focus on ensuring that we provide the best possible service to our customers, external stakeholders and the public we serve. Our stakeholder engagement plan has undergone a full review to assess whether we are getting the best from our engagement with stakeholders, that we are maximising our relationships and that we enhance trust in what we do.

Strengthen our reputation and impact in investigation and enforcement



Objective	Status	Commentary
Develop our anti-money laundering intelligence gathering capability to support cross government action to tackle economic crime.	Achieved	We have recruited a dedicated Anti Money Laundering Intelligence Team to identify money laundering activity across the UK corporate register.
Work with Companies House and DBT to improve the integrity of the companies register through our enforcement work.	In progress	The Agency has successfully completed the first phase of recruitment, established protocols for work flows and is ready to act upon referrals from Companies House relating to new offences arising from The Economic Crime and Corporate Transparency Act 2023 (ECCTA) that are aimed at promoting greater integrity and transparency to the companies register.

Objective	Status	Commentary
Enhance our investigation capability through the delivery of new forensic computing facilities and gaining accreditation through the internationally recognised quality management system (ISO 17025).	In progress	Our Forensic Computing Project will deliver infrastructure improvements in Q1 2024-25. This will deliver secure data storage facilities and move certain technical activities to the cloud. Preparation for our ISO pre-assessment continues with Quality and Technical manuals being revised ahead of UKAS review in Summer 2024.
Investigate misconduct and take effective action according to risks identified in our annual strategic assessment, maintaining a focus on fraud related to Covid-19 financial support schemes.	Achieved	We have continued to maintain focus on fraud related to Covid-19 financial support schemes, increasing our enforcement outcomes from 48% last year to 62% of all our 2023-24 disqualification and criminal outcomes.
Introduce capability to investigate insolvency related criminal offences in Scotland, to align with our activities in England and Wales.	Achieved	We have worked with Police Scotland to successfully develop capability to investigate criminal offences in Scotland and have opened cases looking at serious fraud related to Covid-19 financial support schemes.
Improve our stakeholder engagement activity to enhance transparency and trust in relation to what we do.	Achieved	We have increased our promotion of our enforcement activity externally, including relevant fraud forums and continue to actively share intelligence information with a range of partners including HMRC, the National Crime Agency and the Home Office.

How we performed

Tackling financial wrongdoing			
	2023-24	**2022-23**	**2021-22**
Criminal prosecutions	87	113	119
Live company investigations	139	152	168
Directors disqualified for misconduct	1,222	942	802
Directors disqualified for more than 10 years	47.1%	30.9%	6%
Bankruptcy restrictions	134	250	319

Performance measures			
	2023-24	**2022-23**	**2021-22**
Covid-19 Support Scheme misconduct and fraud related outcomes as a percentage of all disqualification and criminal outcomes	62%	48%	16%

Performance analysis

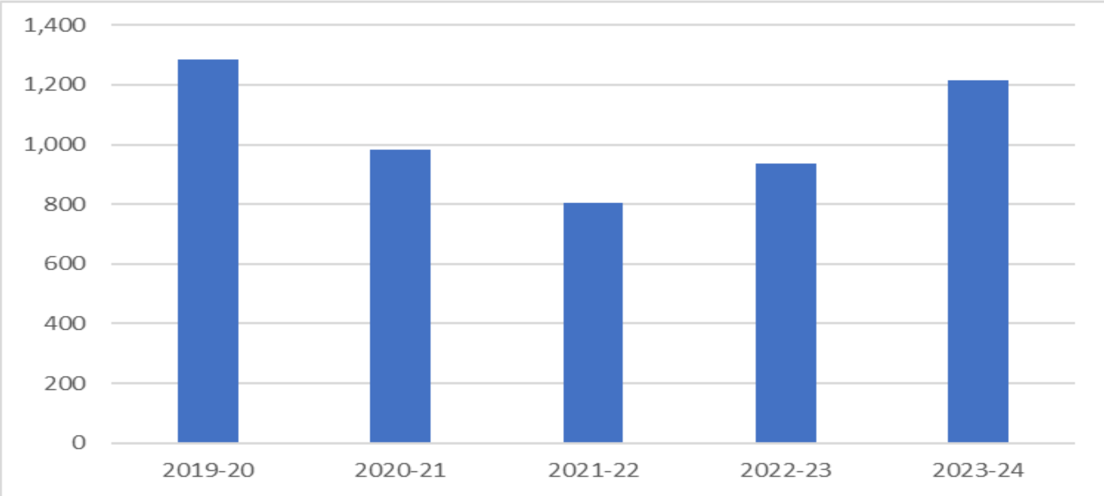
Enforcement outcomes

Our commitment to using our powers to tackle financial wrongdoing and help ensure a level playing field for business is demonstrated by the outcome of our investigation and enforcement activity throughout the year.

In 2023-24 there were:

- 1,222 director disqualifications
- 134 bankruptcy restrictions
- 87 criminal prosecutions

This year the average length of a disqualification increased to over 8.6 years from 7.4 years and the average length of bankruptcy restrictions increased to 8.5 years from 6.3 years. This reflects the seriousness of the misconduct connected to Covid 19 support scheme abuse, which made up a greater proportion of our overall enforcement outcomes than in the previous years.



Number of directors disqualified for misconduct

During the year, 87 individuals facing criminal charges brought by the Agency were convicted. 22 of these convictions related to Covid-19 support scheme misconduct of which 14 individuals were sentenced to imprisonment. There were 101 criminal sentencing outcomes with financial orders such as fines, victim surcharges and compensation orders with a total value of £906,691. This included seven confiscation orders with a total value of £547,797.

We undertook 139 investigations into live companies during the year and obtained winding up orders in relation to 45 companies.

More information on our Enforcement Outcomes can be found here.

Covid-19 Financial Support Misconduct

A continued area of focus for our work through the year has been misconduct in relation to Covid-19 Financial Support with 831 disqualification outcomes and 93 bankruptcy restrictions that included an allegation to misuse of one or more of these schemes. There have also been 22 criminal prosecutions for offences connected to the abuse of one or more of these schemes.

We continued to receive additional funding to help investigate this area of misconduct, which contributed to 200 of the 831 director disqualification outcomes that we obtained. This work will be continued in 2024-25.

Alongside our enforcement work, we took steps to recover funds lost to the taxpayer. This action has resulted in 90 directors receiving a compensation order or providing a compensation undertaking to pay a combined total of £2,833,937.

Enforcement case studies

Fraud and Money Laundering Offences

A complicated invoice factoring fraud and money laundering case involving five defendants. With the help of various others, Defendant one set up businesses which claimed to sell furniture and carpets. However the companies were a sham and used as a vehicle to commit both fraud against banks and money laundering. The offences in the case mainly took place between 2012 and 2014 and resulted in losses of over £500,000 from a number of banks.

Following an investigation and prosecutions brought by the Agency, all five defendants pleaded guilty to fraud and money laundering charges.

- Defendant 1 pleaded guilty to four counts of fraud by false representation and one count of money laundering and was jailed for six years and four months and disqualified as a company director for nine years
- Defendant 2 pleaded guilty to one count of fraud by false representation and one count of money laundering and was sentenced to 19 months in prison, suspended for two years, 20 days rehabilitation activity and 140 hours of unpaid work
- Defendant 3 pleaded guilty to one count of fraud by false representation and one count of money laundering and was sentenced to 22 months in prison, suspended for two years, 10 days rehabilitation activity and 175 hours of unpaid work
- Defendant 4 pleaded guilty to one count of fraud and one count of money laundering and was sentenced to 19 months in prison, suspended for two years, 20 days rehabilitation activity and 140 hours of unpaid work
- Defendant 5 pleaded guilty to one count of money laundering and was handed an 18-month community order and ordered to complete 50 hours of unpaid work

Covid 19 financial support scheme misconduct (Criminal prosecution)

A sole trader who claimed to run businesses as a courier and a café fraudulently obtained a £50,000 Bounce Back loan. He withdrew £19,000 within one week of receiving the loan and our investigations showed that he had used the loan for personal rather than business purposes.

He tried to avoid repaying the loan by declaring bankruptcy in October 2021, but Wood Green Crown Court ordered that he repay the loan in full and sentenced him to two years in prison, suspended for two years.

Covid 19 financial support scheme misconduct (Disqualification and compensation)

A director of a north London gift company has been ordered to repay £43,750 after abusing the Bounce Back Loan scheme.

The company went into Liquidation in July 2021 triggering an investigation which uncovered the abuse of the loan scheme.

On 6 September 2023, the High Court of Justice Business and Property Courts imposed a nine-year disqualification and compensation order after hearing that he had given false information to claim the maximum loan amount of £50,000.

Despite arguing he was unable to repay the money, the Judge rejected this, and ordered the director to repay £43,750 which represented the excess amount falsely claimed plus interest.

Illegally running a company whilst bankrupt

In December 2023 a man was ordered to pay more than £33,000 after investigators uncovered assets in a business he had been running while bankrupt.

Following a car crash, police found more than £8,000 in the car. Discovering the driver was both bankrupt and running a company they contacted the Insolvency Service.

In collaboration with the police, the defendant pled guilty to acting as a director while bankrupt and in March 2022 he was sentenced to 19 weeks imprisonment, suspended for two years, and 200 hours of unpaid work. He was additionally given an eight-year disqualification and ordered to pay costs of £3,000.

Investigators from our Financial Investigation Unit carried out further investigations, gathering 800 pages of documentary evidence, to show that he had £33,642 of available assets, despite claiming otherwise. In December 2023, a confiscation order for that sum was made and has now been paid in full.

Acting as a Director whilst disqualified

In December 2023 a disqualified director received a 10-week prison sentence, suspended for 18 months. This followed a breach of his eight-year director disqualification by running a window fitting company during the period of the disqualification. He was also fined £500 and ordered to pay £3,000 in costs.

Despite being the subject of an eight-year disqualification undertaking as a result of misconduct in two earlier companies which had gone into liquidation, Agency investigators discovered that although he was not a registered director of the company, he took part in the day-to-day running before it went into liquidation owing more than £297,000.

Insolvency Act offences and forgery

On 4 December 2023 a woman pleaded guilty to the charges relating to fraudulently transferring property, contrary to section 357(1) of the Insolvency Act 1986, and Forgery, contrary to section 1 of the Forgery and Counterfeiting Act 1981.

In the lead up to the bankruptcy order made against her, she made two fraudulent disposals of her property. She transferred her share of two companies worth £26,179 and £118,770 respectively to her son. She then signed an assets and liability statement in the name of another person, after they had refused to sign the document. She submitted the signed document in order to get a loan for £1,987,500.

She was sentenced to 16 months imprisonment suspended for 18 months, 200 hours unpaid work, and ordered to pay £2,000 costs.

Anti Money Laundering Intelligence Cell (AMLIC)

Our new Anti Money Laundering Intelligence Cell became operational during 2023-24. This is a new initiative funded by the Economic Crime (Anti Money Laundering) Levy.

AMLIC's specific objectives are to develop and disseminate intelligence to internal and external partners, specifically Companies House, the National Economic Crime Centre (NECC), all UK law enforcement and overseas agencies such as US Homeland Security. We will help to drive the removal of these activities from the company register where they involve or are enacted through entities registered on the UK Corporate register.

Early outcomes include:

- Sharing of intelligence related to over 58,000 people based in Southeast Asia but operating entities on the UK register involved in pig butchering scams, crypto and forex scams and threats to UK financial and national security
- The identification of £83 million in unrestrained criminal property in the UK linked to money laundering by Sinocentric Organised Crime Groups (OCGs) which will be referred to the National Crime Agency (NCA) and a further sum of £22 million was identified in the possession of a London family member of the Head of a Kleptocratic[2] state
- The development of intensive intelligence used to support an NCA operation against an East European poly Crime Group involved in setting up well over 100 companies using front men and women in the UK to launder millions of pounds in criminal property and that is now the NCA's number three operational priority

Economic Crime and Corporate Transparency Act 2023

The Act received Royal Assent in October 2023 and gave Companies House powers to play a more significant role in tackling economic crime and supporting economic growth. We are collaborating with Companies House to implement and enforce the new measures which include new criminal offences and a licensing regime under sanctions legislation.

A new funding regime for our corporate investigation and enforcement activity, including the additional activity that will arise from it was launched in March 2024 and will come into force in May 2024. It will give us more stability and certainty in how our corporate investigation and enforcement activity is funded and will enable us to be more flexible in how we use this funding for our work.

We will continue to work closely with DBT and Companies House on an extensive programme of secondary legislation to fully implement the Act's provisions.

[2] Kleptocracy is government by those who seek chiefly status and personal gain at the expense of the governed

Sharpen our operating focus

Objective	Status	Commentary
Launch a new digital service for our customers, replacing our paper-based reports to creditors and proof of debt forms with online submissions and reporting options.	In progress	This is on track to be implemented in 2025.
Introduce new tools and embed a data driven culture that will drive operational decision-making and make best use of continuous process improvement techniques to enhance our effectiveness.	Achieved	We have completed a review of our Central Case Team based on performance and resource data, undertaken a trial of virtual interviewing and introduced a central allocation system leading to an improved use of examiner resource and a more even distribution of cases. We have also introduced electronic signatures for customer documents to enable faster processing.

Objective	Status	Commentary
Complete development of our Future Case Management Capability ready for launch in Spring 2024 to deliver significant increases in efficiency and improved customer service.	In progress	During the year we have continued the development of our new case management system which is now due to be implemented during 2024-25.

How we performed

Supporting those in financial distress			
	2023-24	**2022-23**	**2021-22**
New insolvency cases handled by our Official Receivers	10,907	9,028	8,467
Creditor petition bankruptcy orders	1,759	1,194	1,089
Redundancy payment claims	85,592	59,234	44,895
Compulsory liquidations	2,991	2,287	712
Debt relief orders	32,514	24,267	22,601
Online debtor's application bankruptcy orders	6,162	5,558	6,669
Breathing Space[3] applications granted	89,351	76,599	58,476
Breathing Space applications granted for people in a mental health crisis	1,388	1,341	908

Maximising returns to creditors			
	2023-24	**2022-23**	**2021-22**
Dividends returned to creditors and debtors	£59.2m	£45.7m	£42.7m

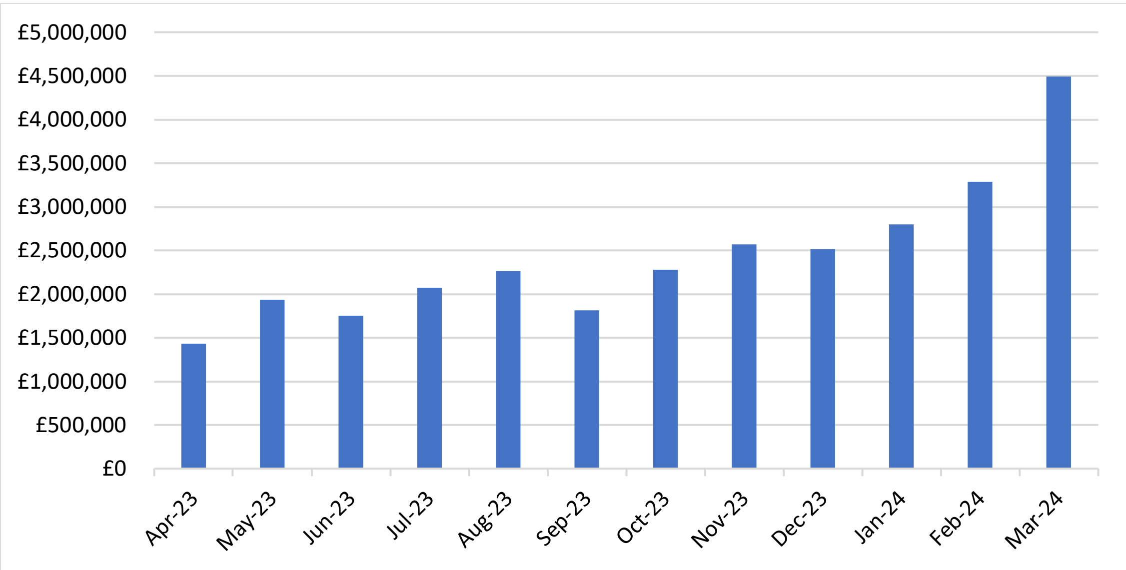
[3] The Debt Respite Scheme (Breathing Space) will give someone in problem debt the right to legal protections from creditor action for up to 60 days. The protections include pausing most enforcement action and contact from creditors, and freezing most interest charges on their debts, giving them time to get advice and find an appropriate debt solution.

Performance measures			
	2023-24	**2022-23**	**2021-22**
At least 84% of our customers are satisfied with our work	84%	82%	84%
Official Receivers returning funds to the economy by making 19,000 distributions to creditors and debtors	17,543	-	-
Issue 85% or more of Breathing Space statutory notices electronically	87%	86%	-
Issue an Official Receiver's report to creditors within 15 days of interviewing (or a decision that no interview is required) in at least 94% of bankruptcy and liquidation cases	94.3%	95.9%	95%
Process redundancy payments claims in an average time of 14 days or less	9.91	14.4	12
Value of distributions to creditors and debtors	£59.2m	£45.7m	£42.7m

Performance analysis

Increased efficiency and impact

We have achieved a near 90% increase in individual productivity in respect of our Payment Protection Insurance (PPI) cases by implementing improvements identified using continuous improvement (CI) methods. The work has seen the average monthly distributions per FTE increase from 15 to around 28 this year.



The value of monthly PPI distributions in 2023-24

We also exceeded our target of returning £24m to creditors and the wider economy by carrying out a review of cases in scope of the PPI project and actively targeted the higher value cases to increase how much money we returned to the wider economy. This resulted in an increase in the average value of PPI distributions per case from £1,500 in the first six months of the year, to £2,000 in the last six months. In addition, the average monthly value of distributions over the course of the year increased from £1.8m to £2.5m. So, whilst the volume of distributions is lower than target, in part due to attrition rates and increased case complexity, the value to the wider economy has significantly increased.

Official Receiver and Business Services Division case studies

Successful claim against a director for disposal of property proceeds

We successfully brought claims against a former director of a women's clothing manufacturer and wholesale company, to recover money for the benefit of creditors. The company had ceased trading and sold its premises prior to a creditor presenting a petition to wind it up. The property was sold at a time the company was insolvent, removing the principal asset that would have been available to pay the unsecured creditors.

The director defended the claims and placed reliance on suggesting that he had not been able to access the company's records. The court commented that it is the director's responsibility to maintain accurate records and that he had ample opportunity to inspect those records but he chose not to do so. The court ordered that he repay over £400,000 to the Official Receiver that had been paid to the director and other third parties.

Company liquidation

Whilst dealing with a company liquidation, the Official Receiver's enquiries led to a belief that the company was still trading and that action was needed to protect assets for the benefit of creditors. The Official Receiver visited the premises expecting to find a bathroom showroom but signage indicated it was selling fireworks.

The director was contacted and evidence was collected that showed it was the liquidated company that was trading. A second address was identified and both addresses were secured to protect the assets. An Insolvency Practitioner was appointed as liquidator to realise those assets.

Redundancy Payments Service (RPS)

In August 2023 a group of companies went into administration impacting c10,000 employees, the majority of whom were weekly paid. The RPS service worked in collaboration with the administrators, PWC, to refine the usual claim processes to manage the variable pay rates and added complexity of their pay calculations.

Within days of the announcement of the first redundancies, RPS inspectors and PWC were able to gather and validate pay information. Bespoke communications were created to simplify the claim process for the employees, including providing them with information to include in their claim forms.

This meant that the majority of employees were able to make their claims within 5 days of their dismissal and by ring-fencing resource within RPS to this, each claim was processed within one day. The collaboration between RPS and PWC resulted in minimal additional customer contact and revision of claims information and RPS was able to maintain its usual level of service to other claimants.

In total just under 10,000 claims were received and processed and £53.7m was paid out, helping to support those people in financial distress.

Customer Service Excellence Accreditation

The Customer Service Excellence (CSE) accreditation is an independent quality mark which recognises organisations with a strong customer focus. We have held CSE accreditation since 1998 which evidences our continuous focus on delivering good services for our customers.

Led by our User Design Team, this year's re-accreditation involved meeting 57 elements and providing 108 pieces of evidence to the independent assessor. It also included office visits where the assessor spoke to various members of Agency staff, customers, and our Chief Executive.

The CSE mark was successfully re-accredited, meaning we have now held it for a consecutive 25 years and in our award, we increased our compliant plus ratings by four to 31 with 27 complaint ratings and no partially complaint ratings.

Agency Complaints

Volumes	**2023-24**	**2022-23**	**2021-22**
Total complaints received	250	306	339
Tier 1	176	226	259
Tier 2	59	60	59
Tier 3	15	20	21

Uphold rate	**2023-24**	**2022-23**	**2021-22**
Tier 1	47%	50%	50%
Tier 2	19%	32%	20%
Tier 3	5% *	0%	6%**

*Involves 1 case which following the introduction of a new element of complaint had that new element partially upheld
** Involves 1 case where decision unchanged but ex gratia discretionary payment was increased

We received a low proportion of complaints compared to the volume of cases and claims we dealt with this year. Of those contacts we could reliably measure, 230,664 in 2023-24, it equated to Tier 1[4] complaints being approx. 0.10% of measured customer contacts. Tier 3 cases equated to approx. 0.006% of our measured customer contacts. Our overall complaint numbers in 2023-24 decreased by 18%.

Our targets for complaint responses are stretching when compared to other Government organisations both in terms of the target response time and in the achievement target. We responded to 89% of complaints within 10 working days (against a target of 90%) and 98% within 20 working days (against a target of 95%). Whilst this is a small decrease over last year's performance the overall reduction in complaint numbers means a corresponding larger impact on statistical data when a target is missed.

Our escalation rates show that most complaints are resolved at Tier 1 with only 30% moving to further escalation. The last 5 years have seen no cases, which have gone to Tier 3, being overturned following CEO review. We continue to focus on learning lessons from complaints and as a result several required improvements have been implemented. These include updated guidance on the treatment of residential leasehold properties and delivery of associated training, the identification and correction of an error in our Redundancy Payment RTI reporting system that had resulted in individuals being pursued for tax they did not owe and improvement to our RPS processes to minimise the number of incorrectly rejected claims.

The Parliamentary and Health Service Ombudsman (PHSO), our oversight regulator, has launched a set of UK Central Government Complaint Standards which have been rolled out across Government. The standards provide a unified approach to complaint handling across all government departments and support better communication between providers and the public, leading to improved, more efficient public services. We will be implementing several changes to ensure we align with the new standards.

[4] Tier definitions can be found here

Shape a new approach to prevent insolvency and rehabilitate through education and guidance

Objective	Status	Commentary
Provide new guidance and support to help directors make informed decisions about the financial health of their business	Achieved	We launched our new Director Information Hub in July 2023. This gives directors of companies access to concise, bitesize information and animations to guide them through the lifecycle of a company and help them to make the right decision at the right times.

How we performed

Performance measures			
	2023-24	**2022-23**	**2021-22**
Satisfaction with content	-	-	-
Number of people accessing the hub	19,430	-	-

Performance analysis

In July 2023 we launched our new Director Information Hub ('the Hub') on gov.uk. It brings together guidance and information on a range of themes covering all aspects of running a company. The Hub is designed to help inform company directors and assist them to make the right decisions at the right time.

The Hub is a dynamic product and since its launch we have published several additional content pages, supported by animation, which include:

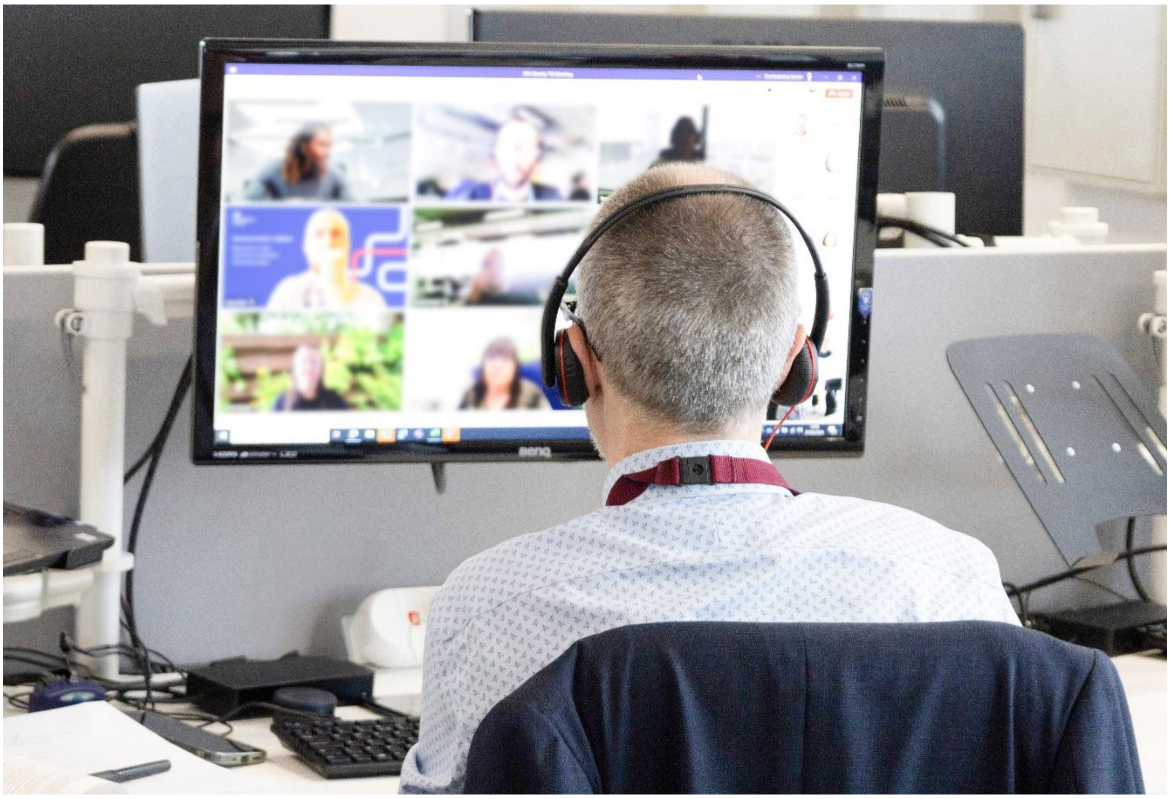
- Director loan accounts
- Company liquidations
- Director duties

We continue to work with directors and stakeholders, including Companies House, HMRC, the Institute for Turnaround and UK Finance to ensure that regular new content is added to the Hub.

We are also working with external stakeholders to identify opportunities to add links to the Hub with existing director touchpoints. This will raise awareness and use of the Hub and signpost directors to relevant content across gov.uk.

Over the next year we will increase our use of data analytics to better understand the user journey, including their route both into and from the Hub and this insight will help us to identify further opportunities to raise awareness of it. Although the content continues to attract many views, visitors have not been completing our gov.uk satisfaction survey and we are exploring new ways to measure a user's satisfaction and encourage completion of the survey.

Shape and modernise our technology and infrastructure



Objective	Status	Commentary
Digitise our services to make them easier to use, automating up to 250,000 more customer transactions per year by 2024, and making customer forms more accessible and secure.	In progress	A decision was made to integrate the new digital services with our new case management system, INSSight, which means that they will now be implemented in 2025.
Complete the development of our Future Case Management Capability ready for launch in Spring 2024.	In progress	During the year we have continued the development of our new case management system which is now due to be implemented during 2024-25.
Modernise our IT provision by delivering a programme to equip our people with new devices, increasing productivity and reliability.	In progress	This year we have focused on providing the foundations for new technical and secure infrastructure and establishing the contracts to successfully deliver our new devices in a managed and secure way. All devices are now purchased and being prepared for roll out.
Introduce new technology to drive improved business outcomes through better use of data	Achieved	Aging and unsupported corporate reporting tools have been replaced and our data strategy implementation is continuing.

Objective	Status	Commentary
Develop new digital document production services to put end-users in control of document content and layout	In progress	The discovery phase was completed in July 2023 and significant progress has been made on supporting document creation in readiness for the launch of INSSight. RPS document production service will go live in June 2024 with the ISCIS service scheduled to follow the launch of INSSight in October 2024.
Introduce new collaboration tools enabling our people to work together effectively wherever they are.	Achieved	We have delivered several new IT tools including Miro online and Verto365 enabling colleagues to deliver business outcomes more efficiently and collaboratively.
Continue our programme to reduce our estate footprint from 19 offices to create 11 regional centres fit for the future and our customer base.	In progress	Our office closure and relocation programme has continued during the year with the closure of our Reading, Blackpool and Birkenhead offices and colleagues relocated to regional centres.

How we performed

Performance measures				
		2023-24	**2022-23**	**2021-22**
Customer service – net easy score ‘Overall how easy was it to complete your application/submit your information today’	Target	83%	83%	-
	Actual	83%	81%	81%
People survey response to how our user community feels about the tools to do their job	Target	60%	57%	55%
	Actual	58%	58%	58%

Performance analysis

We have maintained our focus on improving services for our customers and our end users this year.

Our external customers

We are on track to digitise more services for our customers, making them easier to use. During the year we have been building a digital service for creditors which will enable them to submit and receive information online. We aimed to introduce this service in early 2024, however we took the decision during the year to integrate it with our new Case Management system, INSSight, which goes live in autumn 2024. We remain committed to introducing the digital service for creditors; however, this is now likely to be in 2025-26.

During the year we continued to make use of the Government Digital Service's developing Forms platform to digitise our paper forms. We completed the digitisation of all Redundancy Payments Services' amendment forms, delivered a new form for our Companies House Reform work and re-designed several other forms. These improvements make it easier for our customers to provide the right information first time in an easily accessible format and enables us to provide a more efficient service to them.

Our internal customers

We have continued working on replacing our aged case management system with a modern and more efficient system for our internal users. The new system is going live in autumn 2024 and will drive several efficiencies. It is being built on a modern, flexible platform that will enable team working and is more user-friendly, flexible and intuitive for our people to use. Its introduction will also generate efficiency savings for ORS which we expect to amount to costs savings of £3.1m pa from 2025-26.

We have also sought to modernise our technology provision by delivering a programme to equip our people with new devices (laptops and mobile phones), increasing productivity and reliability. This has taken longer than anticipated so we are now looking at a summer 2024 roll out.

During the year we have also introduced a range of collaboration tools to enable our people to work together more effectively wherever they are.

We have enhanced our Forensic Computing provision, strengthened security and business continuity arrangements and introduced an Intelligent Client Function (ICF) which enables our investigators to deliver services more effectively with a combination of in-house and external provisioning, maximising value for money.

Our data strategy

For our systems, we introduced new technologies to drive improved business outcomes with a real focus on better use of data and putting end users in control of document content and layout. We embraced the Civil Service's One Big Thing initiative, with over three quarters of our people taking part in learning to improve their confidence and capability with using data.

We have brought aging tooling around our corporate reporting systems up to date and continued with the implementation of our data strategy. In that, we have initially focused on data governance and developing a roadmap to implementation for 2024-25. We have continued work on replacing our current Document Production service which will be aligned to the introduction of INSSight for Official Receiver Services and with other services, for example Redundancy payments.

Transforming workplaces (TW)

Our TW programme is aimed at reducing our estate footprint to 11 Regional Centres over a four-year period. We closed our Watford and Cambridge offices in 2022-23 and in 2023-24 we have closed our Reading, Blackpool and Birkenhead offices.

In 2023-24 we moved our Edinburgh and Croydon based people into new offices These moves have improved the working conditions for our people, offering vibrant spaces that are fit for the future. We have also undertaken a major refit of our Manchester office. The TW programme has also been underpinned by a rigorous analysis of our customers to ensure they could reasonably access our offices and to enable optimal delivery of our operational functions such as court attendance, site visits and investigations.

Shape the Agency as a great place to work

Objective	Status	Commentary
Introduce a new programme aimed at building leadership capability across the Agency for the future.	Achieved	We have delivered the Brilliant Leadership programme to 170 senior grade leaders with plans to extend the programme to a further 300 managers in 2024-25.
Build our regional centres, creating offices that support collaborative working with modern accessible facilities for our people and our customers.	Achieved	We have moved to modern regional 'hub' offices in Edinburgh and Croydon and relocated colleagues to our regional centre in Manchester.
Deliver our Inclusion First Strategy to continue to build an inclusive culture as well as developing our outreach strategy to improve diversity within our organisation and the wider industry.	Achieved	The strategy has delivered meaningful change to key measures such as a reduction in our gender pay gap and an increase in the number of women, disabled and ethnic minorities employees. We have received Disability Confident Leadership certification and completed the Race at Work Charter.

Objective	Status	Commentary
Continue to develop the Insolvency Service as a great place to work, embedding our new Agency values both within our organisation and working with our stakeholders.	Achieved	Our values have been embedded in our recruitment, induction and reward processes. We have shared them with key stakeholders and staff across the Agency who have shared how they will demonstrate the values. From April 2024 they will be part of our appraisal process and will be used to measure and analyse how we are demonstrating the values.
Introduce an enhanced strategic workforce plan to enable improved cross-agency working and future capability planning.	Achieved	Strategic workforce planning narratives are now reported to our Organisation Design Board where we can discuss common themes and identify upcoming challenges and opportunities.
Undertake a detailed analysis of attrition at the Agency to inform policy changes designed to improve staff retention.	Achieved	Analysis of exit surveys showed pay and benefits as a major reason for people leaving as well as career progression. We have submitted a pay case to address this which is awaiting final approval from Treasury. We are also developing career pathways to help attract and retain colleagues.
Embed our sustainability strategy with the development of a new Carbon and Energy Management Plan, new waste procedures and a new Sustainable Procurement Policy.	In progress	Our Carbon and Energy Management Plan and all our new waste procedures will be in place by the end of 2024-25. We have delivered training to Commercial colleagues and buyers on how to embed our new Sustainable Procurement Procedures for Social Value and Environmental Sustainability into our purchasing activities.
Progress a project to identify and prepare for implementation of a shared HR service with seven other organisations linked to DBT by Spring 2026.	In progress	We are currently working closely with DBT on preparing the organisation and working with providers on our requirements.

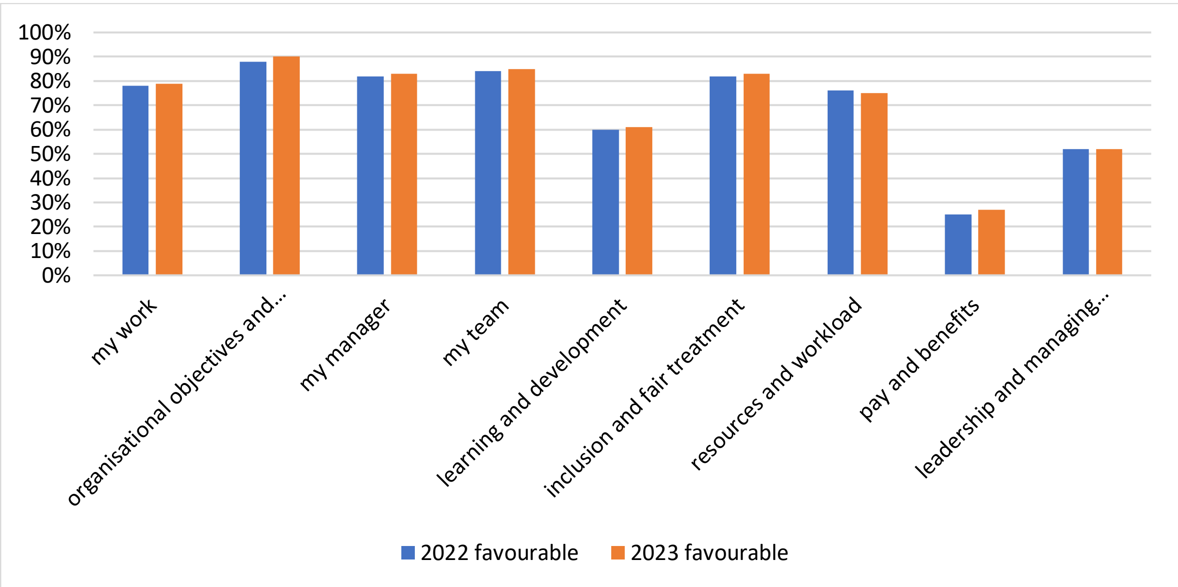
How we performed

Performance measures			
	2023-24	**2022-23**	**2021-22**
Leadership and Managing Change People Survey Score	52%	52%	56%
My Manager People Survey Score	83%	82%	82%
Employee Engagement People Survey Score	60%	59%	62%
Percentage of roles filled against our resourcing profiles	99%	99%	-
Staff Attrition	10.4%	10.8%	10.6%
100% of in scope procurement activities including Social Value and Environmental Sustainability criteria at a minimum of 10% of actual score	100%	100%	-
Operational energy consumption and associated carbon emissions (baseline established this year)	347.47 tonnes CO_2e	-	-

Performance analysis

People Survey

The annual Civil Service People Survey looks at civil servants' attitudes to, and experience of working in government departments. Our response rate to the survey was 77% compared to 65% for the Civil Service as a whole. Of the nine survey themes, we were equal to or above the Civil Service benchmark in eight themes and equal to or above in four of the High Scoring benchmarks. When comparing the results with last year's survey, we showed an increase in eight themes and there was one decrease in relation to 'resources and workload'.



The change in percentage of favourable responses between the 2022 and 2023 People Survey across the nine themes.

The overall engagement score increased from 2022 from 59% to 60% against a target of 65%. The Civil Service overall score and benchmark was 64%.

The Agency performs well in areas associated with performance recognition. Our survey leadership ratings increased this year following our investment in leadership development and we expect further increases next year following the extension of our leadership programme to 300 more of our managers.

We are developing an action plan to focus on improving key areas that will be most impactful on both our performance and our people. It includes a variety of directorate specific actions and three key areas for focus across the Agency (Pay, Technology and Leadership and Managing Change). Progress will be monitored by our People Committee throughout next year.

The People Survey results help inform our thinking on employee engagement and the initiatives we put in place are driven by our commitment to make the Agency a great place to work. One of these initiatives was the introduction of Calling all Colleagues sessions where all our people can tune in and hear updates from our Executive Leadership Team as well as subject matter experts. They also include a live ‘Question and Answer’ session where people are encouraged to ask questions on a range of subjects.

Improving capability and professionalism

The skills tool has now been in use since April 2023 and is providing a rich source of data on individual, team and directorate level capability and development activities which feeds into directorate capability and strategic workforce plans.

The tool has given us centralised access to data previously unrecorded and the search functionality has been successfully used to identify skilled individuals for lateral moves to support business priorities and increase the flexibility of the Agency.

Our skills tool in action

We used the tool to identify people in our Investigation and Enforcement teams who had previously qualified as insolvency examiners and who could be redeployed at short notice to help deal with a peak in casework in our Official Receiver Services. The data held enabled us to understand who was in scope, their current grade, team and location. We identified 20 people who could be released whilst minimising the impact on our investigation teams’ performance.

Our skills tool in action

Following difficulties recruiting and during peak demand for procurement activity, the Commercial Team submitted a search request to identify people across the Agency who could assist with delivery of several critical procurements before year end. A cross-agency search on relevant skills, previous job roles and qualifications identified 36 people with potential. This was narrowed by checking who had a MCIPS qualification and the most suitable candidate, from our People and Capability directorate, helped the procurement team successfully deliver against their targets.

We have been unable to meet the Civil Service target for apprenticeships of 5% of our headcount this year, but our apprenticeship levels remain steady at 3% of our headcount and our completion rate this year is 79% which is significantly over the national average. We have continued to expand the range of apprenticeships available, and now have several apprentices undertaking specialist programmes at Levels 5, 6 and 7 across the professions with further expansion planned for 2024-25.

We successfully supported our people to gain additional skills and legal qualifications and our first candidate to participate in our CILEX programme fully qualified as a lawyer in October 2023, with a further five students still participating in the scheme.

Our Brilliant Leadership Framework

One of our core values and a key element of our People Strategy is Brilliant Leadership which is closely linked to our People Survey metrics. To improve organisational performance in this area we partnered with an external consultancy to create a Brilliant Leadership programme. The programme's development was informed by relevant performance measures and survey results to ensure the content met our leadership needs, and included the behaviours and performance expected of our leaders.

The programme has been delivered to 170 senior grade leaders and in March 2024 we began rolling out the programme to another 300 middle managers. We have started an evaluation of the programme which has yielded positive responses and more activity is planned for next year.

Diversity, inclusion and wellbeing

We have continued to make progress in the implementation of our Inclusion First strategy, which makes a significant contribution to making the Agency a great place to work.

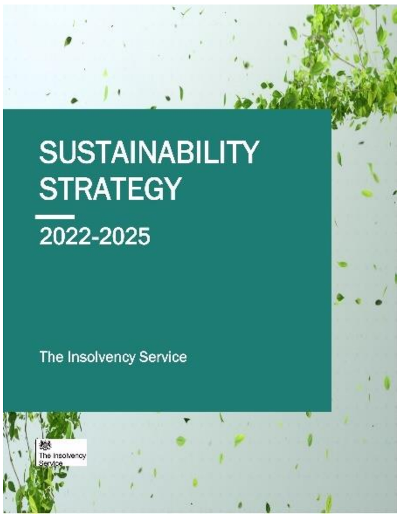
Our People Committee have regularly considered this progress during the year including:

- A reduction in our gender pay gap with the mean gap reducing to 8.7% and the median from 16.1% to 11.11%
- The percentage of female employees in the Agency, 57.6%, is higher than the Civil Service figure of 54.6%
- Based on 2023 declarations, we have 19.5% of employees from ethnic minority backgrounds increasing from 18.8% in 2022
- The percentage of disabled employees has increased from 15.1% in 2022 to 16.6%

We received Disability Confident Leadership (Level 3) certification in December 2023 with feedback confirming that we are ‘doing a lot of great work and our commitment to supportive and inclusive practice was definitely evident in our submission’. We continuously monitor the diversity of candidates through the recruitment process to ensure fairness and we compared favourably with the wider Civil Service by exceeding the proportion of applications received from ethnic minority backgrounds.

The Race at Work Charter was completed in June 2023 in collaboration with Black, Asian and Minority Ethnic colleagues and this demonstrated our commitment to improving equality of opportunity in the workplace. We will be promoting the Charter through our recruitment process in 2024.

Sustainability



We are now into the second year of applying our Sustainability Strategy. We have set our vision in this space to be ‘an Agency that is resilient and adapted to a changing climate’. Our strategy is based around six main themes: carbon and energy management, waste and resource management, biodiversity and nature recovery, sustainable procurement, sustainable travel, and a sustainable workforce.

Our Sustainability Team has grown in line with our commitment to the sustainability agenda. We now have a team that comprises of a Head of Sustainability, a Sustainability Manager, a Sustainable Operations Lead and a Sustainable Supply Chain Lead.

As a government executive agency, we have a responsibility to help to deliver the United Nations Sustainable Development Goals (SDGs). We incorporated the SDGs into the development of our Sustainability Strategy and framework, and we continue to take the SDGs into consideration when developing our new sustainability programmes and initiatives, for example, our new Sustainable Travel Plan.

Taskforce on Climate-related Finance Disclosures (TCFD) – Phase 1 report.

Compliance Statement

We have reported on climate-related financial disclosures consistent with HM Treasury’s TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public sector. We have complied with the TCFD recommendations and disclosures around:

- Governance (all recommended disclosures)
- Metrics and targets (see existing disclosures below in respect to our Greening Government Commitment (GGC) reporting)

This is in line with the central government’s TCFD-aligned disclosure implementation timetable. We plan to make disclosures for Strategy, Risk Management and further Metrics and Targets disclosures (in addition to those above) in future reporting periods, in line with the central government implementation timetable.

Agency governance of climate-related issues and opportunities

Our sustainability aims and objectives are set and delivered through several strategic groups. Our Board, Executive Leadership Team, Environmental Strategy Group, Sustainable Procurement Working Group and (upcoming) Environmental Champion network; are responsible for the leadership, support, oversight and implementation of our climate-related risks and opportunities. However, we recognise that we need the support of all our people to achieve our objectives and targets, and therefore we carry out surveys and consultations to seek input and feedback from across the Agency.

We are in the process of establishing a new combined management system in line with ISO14001 (Environmental Management) and ISO45001 (Health and Safety). As part of this process our management review structure will be revisited to see where we can further improve our existing governance structure for climate related risks (Figure 1.). We will also be developing new procedures to identify future risks to the business because of our changing climate and further reporting in line with Phase 2 and Phase 3 requirements of TCFD.

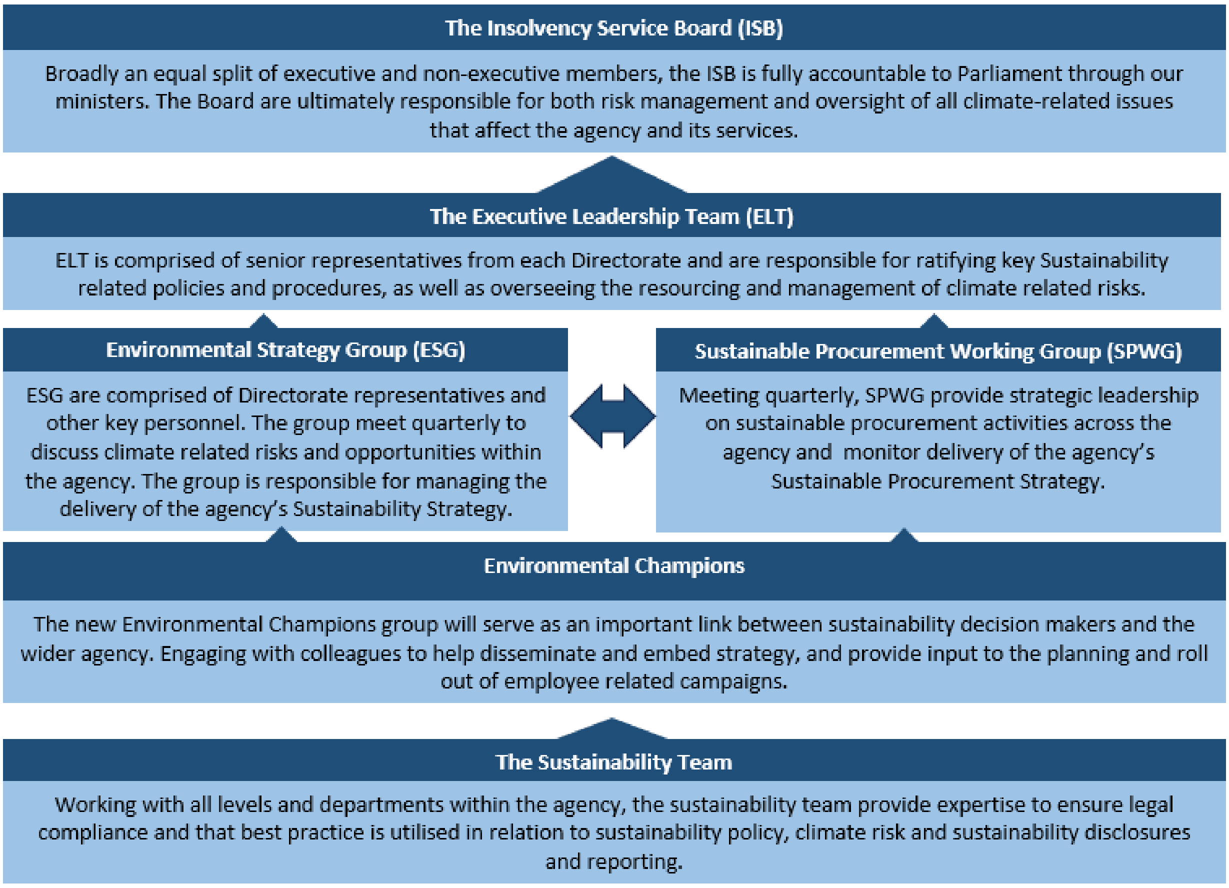


Figure 1: INSS climate related risk governance structure.

Climate Change Adaptation

We have continued to make progress on our climate change adaptation plans. We have developed a new Thermal Comfort Policy that will help us to protect the health and wellbeing of our staff and visitors in times of extreme heat or cold. We have also developed a formal Sustainability Appraisal procedure to ensure that all large policies, programmes and plans consider any potential environmental, social or economic impacts and/or opportunities, considering our changing climate and in accordance with the governments' Environmental Principles Policy Statement. Our new Carbon and energy Management Plan will include further measures we can adopt to mitigate the impacts on the business from climatic event. This is an area that requires a considerable amount of resource, and we will continue to support development of our plans in this area.

Greening Government Commitments

In line with the government's target for all departments to reduce the environmental impact of their activities from 2021 to 2025, we continue to report on the Greening Government Commitments (GGCs). We have also undertaken a considerable amount of work to better understand our emissions and have agreed a new baseline year of 2022-23 with Department for Environment Food & Rural Affairs and the Department for Business and Trade (DBT) to underpin our Net Zero work. This was mainly due to last year's Machinery of Government Change involving the Department for Business, Energy & Industrial Strategy (BEIS) which resulted in the Agency joining DBT. The Insolvency Service's newly agreed baseline (2022-23) carbon emissions are 374.47 tonnes CO_2e, of which 71.22 tonnes are from scope 1 emissions; 138.82 tonnes are from scope 2 emissions; and 164.43 tonnes are from scope 3 emissions.

Our reported summary GGC data is as follows:

	GGC reporting year 2023-24	GGC reporting year 2022-23	GGC reporting year 2021-22
Energy (KWH)	940,079 [1]	554,176	438,398
Water (m^3)	3,664	4,176	4,242
Travel (km)	2,552,064	2,480,086	780,132
Total waste (t)	76.50 [3]	55.92	150.82 [2]
Total waste recycled (t)	53.96	54.24	44.98
Paper usage (A4 reams equivalent)	3,744	3,682	2,228

Table 1: INSS GGC summary data 2023-24

Energy, water, and waste figures for 2023-24 reflect 9 of our Regional Centre Offices, as those leased from other government departments are out of scope to prevent double counting, as per the GGC guidance.

[1] Where Q4 data is not yet available estimations have been made using 2022-23 data.

[2] Estimated figure based on costs for 2021-22 as actual waste data was not available.

[3] Includes waste reused externally from the Manchester Office refit.

Energy

	Mains Standard grid electricity [1]		**Natural Gas** [2]	
	2023-24	2022-23	2023-24	2022-23
Usage (kwh)	609,543	554,176	330,536	[3]
Emissions (CO_2e t)	137.14	116.97	60.46	
Expenditure (£) [4]	159,792	142,653	9,356	9,040

Table 2: INSS energy use 2023-24.

The overall electricity consumption in our offices has increased from last year. This is likely to be partly due to increased office attendance following the new mandatory minimum office attendance requirement of 60% for all staff (from January 2024), ongoing improvements in our data collection processes and the availability of gas data.

[1] Some of our offices are on green electricity tariffs. We are in the process of determining which offices these are, but in the meantime all electricity usage is included under "mains standard electricity".

[2] Natural gas is used at five of our offices. We are billed separately for one office with the others being included in the service charge.

[3] Gas meter readings were not available in 2022-23.

[4] Where invoices were not yet available estimations have been made using previous costs.

Transport

	Distance (km)		CO_2e (t)		Expenditure (£)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Non-fleet vehicles	308,977	370,454	51.36	63.23	99,285	210,891
Rail	2,182,850	1,995,576	77.41	70.82	631,434	562,240
Taxi [1]	9,232.26	1,860	2.38	0.28	15,418	3,867
Domestic flight	42,115	74,123	6.78	9.64	9,513	13,977
Other flights	26,848	38,073	3.80	3.54		

Table 3: INSS Travel data

As with energy, our distance travelled increased in 2023-24 compared to last year. This may be in part due to the 5% (74 additional FTE) increase in headcount, especially in Directorates where staff are more likely required to travel for business needs e.g., Investigation and Enforcement, Legal Services, and Official Receiver Services. We have however seen reduction in the usage of private cars (non-fleet vehicles) and flights, and an increase in the use of rail travel. This has seen a reduction in CO_2e of 5.78 tonnes and savings of £35k.

[1] An additional data source became available in 2023-24 to record travel by taxi.

We have developed a new Sustainable Travel Plan and Business Travel Procedure to mitigate the impact of travel and to promote more sustainable modes of travel and working practices. These are due to be published in 2024-25.

Waste

	Amount (t)	
	2023-24	2022-23
Waste recycled externally (excl. ICT waste [1])	55	54
Waste reused externally (excl. ICT waste)	12	0
Composted or anaerobically digested	1	0
Incinerated with energy recovery	25	2
Total waste recycled	56	54
Total waste diverted from landfill	82	56

Table 4: INSS waste data

[1] excluding ICT waste as this is reported separately via our STAR return.

We do not currently record consumer single-use plastics (CSUPs) disposal as we do not have any catering facilities. We are in the process of improving the way that we measure and record all our waste at our locations, including the potential for identifying potential CSUPs from other areas of the business.

	Amount (t/ A4 reams equivalent)		Expenditure (£)	
	2023-24	2022-23	2023-24	2022-23
Paper usage	3,744	3,682	21,218.80	16,425.80

Table 5: INSS paper usage

There has been a slight increase in the amount of paper used this year, we are investigating ways to further reduce this, with an objective to move towards a paperless office environment in line with our digital first principles.

Water

We do not have water submetering at our sites, so our figures (Table 1) are estimated based on total floor area at in-scope sites. We have used CIRIA estimates for “good practice” as our office use is limited with no catering, external use of water, washing of fleet, or watering of plants. We are working with our landlords to install submeters so that we have a more accurate picture of water usage across our estate.

Water figures for 2023-24 reflect 9 of our Regional Centre Offices, as those leased from other government departments are out of scope to prevent double counting, as per the GGC guidance.

We will continue to make improvements to our sustainability reporting metrics, and these will include a new net zero trajectory as part of the development of our upcoming Carbon and Energy Management Plan.

Sustainable Construction

We are currently rationalising our estate and reducing the number of our offices (from 22 to 11). Part of this process has been to develop the Manchester office into a new Regional Centre for the North West. This has involved a major refurbishment of the existing Manchester office to accommodate staff from across the region.

Requirements were stipulated as part of the procurement process to ensure that our sustainable procurement objectives were met. This included a requirement to adhere to our Environmental Policy, for the refurbishments to be undertaken in line with Building Research Establishment Environmental Assessment Method (BREEAM) ‘Very Good’, and that 10% weighting was given for (each) Environmental Sustainability and Social Value when awarding the refurbishment contract(s). We also required that contractors recorded and reported on all waste that was produced as part of the works and that circular economy principles were applied, for example, reuse of existing equipment where appropriate.

Procuring sustainable products and services

Our Sustainable Procurement Working Group continues to develop our sustainable procurement practices in line with Defra’s Flexible Framework. We have developed a new Sustainable Procurement Strategy, plus associated procedures to support the evaluation of Environmental Sustainability and Social Value in tender documentation. We have delivered training in sustainable procurement practices to Commercial Business Partners and purchasing officers. The Sustainability Team also provided bespoke support to purchasing teams to ensure that our sustainability objectives are reflected in statements of requirements.

Information and Communication Technology (ICT) and Digital

We have adopted the Greening Government: ICT & Digital Services Strategy. As part of this, we report on our ICT emissions, waste, sustainability strategy statements, and policy results annually. Our recent high-volume tender activity 'Modern Workplace Technology' has been instrumental in the development of our sustainable procurement practices, acting as a pilot for our new Social Value and Environmental Sustainability procedures and ensuring that the principles of sustainability (including circular economy principles) were embedded into our new ICT contracts. These contracts are now in place which will enable us to more closely monitor and report against our environmental sustainability and social values targets moving forward.

Biodiversity and Nature Recovery

We continue to develop biodiversity and nature plans tailored to our Regional Centres. Whilst the Agency does not own any buildings or have any landholdings, we are keen to raise awareness and develop opportunities for nature recovery and improved biodiversity. This includes raising awareness of local green infrastructure to our staff in our Regional Centres as we recognise the benefits that access to nature has for our mental wellbeing and physical health.

Sharpen our financial model to ensure sustainability

Objective	Status	Commentary
Review of current fees and consider whether changes are necessary.	Achieved	We have secured agreement to raise some Official Receiver fees in line with inflation.
Identify opportunities for further efficiency savings and put in place plans to realise them.	Achieved	Three projects have successfully identified efficiency savings with full details in the performance analysis below.
Assess opportunities to access other funding sources to reduce our funding deficit.	Achieved	Our Companies House Fee business case received approval from HM Treasury and the regulations for the new fees have been laid.
Implement a consistent process to manage and report operational and corporate efficiencies.	Achieved	We have implemented new processes and procedures for reporting both project and business-led efficiencies with outputs aligned to senior management requirements and the new Government Efficiency Framework.

Objective	Status	Commentary
Reduce the structural financial deficit in our Official Receiver Services by increasing income where appropriate and reducing costs, reducing the need for operational funding from DBT above an agreed baseline, reflecting normal operational activity levels.	In progress	Activity to develop income and cost reduction measures are continuing and we are working with DBT and HMT to develop a range of financial model options for ORS that are sustainable over the long-term.
Assess opportunities to introduce commercial models to flexibly manage surges in demand for our services.	Achieved	As previously noted, long term case volume forecasts remain more than 30% lower than pre-pandemic levels. In response to the reducing risk of a surge in demand the Intelligent Resourcing workstream has been removed from the Financial Sustainability project and returned to ORS business as usual activity. This will be kept under review.

How we performed

Performance measures			
	2023-24	**2022-23**	**2021-22**
Pay 80% of supplier invoices within 5 calendar days	98%	97%	96%
Pay 100% of supplier invoices within 30 working days	100%	99%	100%

Performance analysis

Improved financial sustainability

The new operational processes implemented in our Official Receiver Services in early 2023 delivered annual savings in 2023-24 of £0.3m and the increase in deposits provided £2.6m in increased income. In the last quarter of 2023-24, we secured agreement to raise ORS fees in line with inflation which is forecast to bring additional income of £4.7m pa from 2025-26. The introduction of our new case management system, INSSight, will generate further operating efficiencies which we expect to amount to costs savings of £2.6m pa from 2025-26. Whilst our essential corporate services remain subject to higher-than-normal inflationary increases, we have worked hard to reduce the extent by which indirect cost budgets will need to rise.

Our Cost Transparency project is seeking opportunities to reduce our IT cost base and has identified potential savings of c£1m pa. Cost Transparency will also help determine the scope and delivery plans for the next phase, IT Cost Optimisation, which is expected to deliver further cost savings. Transforming Workplaces has helped us avoid the full impact of property cost inflation by limiting our exposure to the steep increases in office rent and facilities charges.

During 2024-25, we will continue activity to develop our income increasing and cost reduction measures. This is against the backdrop of the latest forecasts which predict that case volumes will remain around 30% below pre-pandemic levels in the mid-term at least and asset values continuing to fall away. It looks increasingly unlikely that break even can be achieved with the current fee regime. We are working with DBT and HM Treasury to develop a range of financial model options for ORS that are sustainable over the long-term.

Financing

We are financed through a combination of funding and income from three sources:

1. Funding from our sponsor department, the Department for Business and Trade (DBT). During 2023-24 this amounted to £80.2m (2022-23: £68.1m) of which £2.1m was for capital (2022-23: £0.0m) (see Statement of Changes in Taxpayers Equity).
2. Income from HMRC National Insurance Fund (NIF) to undertake administration of the Redundancy Payment Scheme. For 2023-24, this amounted to £9.5m (2022-23: £9.5m) (see Note 4). We also received funding from HMRC NIF to make payments to individuals who have been made redundant where the employer cannot pay. The funding for these payments for 2023-24 was £465.3m (2022-23: £274.9m) (see Statement of Changes in Taxpayers Equity).
3. Income generated from fees charged for our work carried out on Insolvency Case administration by the Official Receivers Services (ORS). Income recognised in 2023-24 was £60.4m (2022-23: £109.7m) (see Notes 1, 4 and 5 for more details). It should be noted these balances include the recognition of additional excess income from Payment Protection Insurance receipts in respect of previous case years. Excluding these, our fees recognised are £48.0m (2022-23: £43.8m).

Financial results

We are reporting a £7.9m surplus against our DBT budget allocation for the financial year 2023-24. This was mainly due to a combination of general underspends along with:

- Slippage on our investment/transformation activity
- Adverse cost settlements moving in to 2024-25
- A lower than anticipated fee funded deficit due mainly to a range of non-recurring income factors, including higher than expected asset realisations in our ORS function. The deficit on our fee funded activity was £9.9m (see Note 5).

Expenditure

Our total operating expenditure compared to 2022-23 has increased by £221.2m to £661.9m (see Statement of Comprehensive Net Expenditure). The increase is driven by an increase in Redundancy Payment Scheme payments of £212.5m due to a rise in the number of awards made compared to last year.

Income

Note 4 shows that total operating income has decreased by £35.2m to £120.0m. This is due to us recognising PPI receipts in 2022-23 as income relating to historic cases, as well as an £11.3m increase in the Redundancy Payment Scheme expected receipts.

Assets

As of 31 March 2024, we had assets of £365.1m. Our assets include property, plant and equipment, intangible assets, financial assets, trade receivables, cash and cash equivalents. £147.1m of this related to debt assets or receivables and £196.8m to cash and cash equivalents. Our assets have decreased by £136.0m from £501.1m last year, predominantly due to the CFER payment of £137.1m we made to HMT.

Liabilities

As of 31 March 2024, we had liabilities of £60.1m of which £41.7m related to trade payables and provisions. Amounts Due to the Consolidated Fund now stand at £12.4m, which is a decrease of £124.7m compared to last year following the payment of £137.1m in 2022-23. Overall, our liabilities decreased this year by £123.7m from £183.8m last year.

The overall position of assets and liabilities held by us on 31 March 2024 was £305.0m (see Statement of Financial Position). Further details of which can be seen in the Notes to the Agency's accounts.

Capital

In 2023-24, our capital expenditure was £5.7m (2022-23: £1.7m). Virtually all of this expenditure related to the creation of additional right of use assets on office lease extensions (£3.3m) as well as furniture and fittings as part of office refurbishments (£1.9m) (See Note 6).

Where we spent our money

Redundancy Payment Scheme £504.8m (2022-23: £292.4m).

We are responsible for making payments from the National Insurance Fund to employees who have been made redundant because of an insolvency, and/or where the employer has certain debts due to its employees other than redundancy (e.g., unpaid wages, holiday pay and notice pay). We then seek recovery of the amounts paid, either directly from a solvent employer or by lodging a claim in the insolvency case. This amount also includes any National Insurance contributions payable by us to HMRC. The National Insurance Fund reimburses us daily for the claims paid out.

Permanently employed and other staffing costs £99.3m (2022-23: £87.8m).

This represents payment for wages and salaries inclusive of pension and National Insurance contributions and is net of recoveries relating to outward secondees.

IT Infrastructure £22.8m (2022-23: £25.7m)

We spent this to provide functions such as Service Governance, Cyber Security, Information Governance, Service Architecture, Business Relationship Management and Application Services. In addition, we invested in the modernisation of the technology used by our customers and our people.

Investigations £3.1m (2022-23: £3.0m)

This is the amount that we spend externally on investigations and enforcement. This is to support National Interest Cases and other investigations, director and corporate behaviour and those who abuse the system. We undertook a range of investigation and enforcement activities which helped maintain confidence in the UK as a great place to do work and do business. We undertook investigations into live companies and company directors' conduct in relation to companies in formal insolvency. We also investigated criminal misconduct in company and personal insolvency cases. The vast majority of our spend on investigations arose from staff costs.

Civil and Criminal Legal costs £5.6m (2022-23: £10.8m)

These costs cover civil litigation work to disqualify company directors for misconduct, the winding up of companies acting contrary to the public interest and providing advice on the conduct of statutory enquiries and insolvent investigations. These costs also include criminal enforcement activity, including the prosecution of a wide range of offences across England and Wales concerned with insolvency related crime and corporate misconduct, providing advice on drafting new criminal offences and enforcement strategies. As part of our criminal enforcement activity, we pursued confiscation orders to deprive criminals of the proceeds of crime.

Estates £5.0m (2022-23: £5.2m)

We spent this on accommodation costs, including operating leases.

Non-cash items £11.4m (2022-23: £9.1m)

We spent this on non-cash items including depreciation and amortisation (which represents the reduction in value of tangible and intangible assets over time), expected losses, provisions for obligations payable in the future, accounting adjustments for the time value of money (discounting) and audit fees.

Other costs and general administration £9.9m (2022-23: £6.8m)

We spent this on administration of HR and payroll costs (for shared services), non-salary related staff costs (e.g., training, travel, subsistence, welfare, recruitment), office supplies (e.g., print, postage, stationery, telephony), property maintenance and furniture costs not capitalised, financing costs and consultancy costs.

Where we received income

Insolvency Case Administration fees £60.4m (2022-23: £109.7m)

This is income we have recognised for trustee/liquidator, administration and general fees from all our cases.

Redundancy Payment Scheme recovery £39.8m (2022-23: £28.5m)

This is income from cash receipts and estimated future recoveries.

Redundancy payments administration income £9.5m (2022-23: £9.5m)

This is income from HMRC to fund the cost of the service to administer RPS.

Debt Relief Order fee income £3.0m (2022-23: £2.2m)

This relates to income received regarding Debt Relief Orders which are a low-cost alternative debt solution following a submission from a specialist debt adviser. For new cases from 6 April 2024 this income stream will end and DRO costs will be funded from DBT.

Income from Online Debt Solutions and other debt solutions £1.7m (2022-23: £2.0m)

This includes Individual Voluntary Arrangements and Deeds of Arrangements fees.

Investigation, enforcement and criminal enforcement £4.7m (2022-23: £1.7m)

This is income relating to civil and criminal costs which have been recovered.

Regulation of insolvency practitioners' income and banking fee income £1.5m (2022-23: £1.4m)

Rental income £0.3m (2022-23: £0.8m)

This was from office space shared with other public sector occupants.

Issues and key risks

The key issues and risks that could affect delivery of our objectives are set out in our Governance Statement.

Dean Beale
Chief Executive
Date: 16 July 2024

2. Accountability Report

The accountability report is comprised of three sections:

1. Corporate governance report
2. Remuneration and staff report
3. Parliamentary accountability and audit report

The corporate governance report explains the composition and organisation of our governance structures and how they support the achievement of our objectives. It is comprised of three sections:

- Directors' report
- Statement of principal accounting officer's responsibilities
- Governance statement

The remuneration and staff report sets out our remuneration policy for directors, reports on how policy has been implemented and sets out the amounts awarded to directors and where relevant the link between performance and remuneration (such as bonuses). It provides details on remuneration and staff that parliament and other users see as key to accountability. It also reports on staff matters, such as (but not limited to) staff numbers and costs, staff composition, sickness absence data, expenditure on consultancy and off-payroll engagements.

The Parliamentary accountability and audit report brings together key parliamentary accountability documents within the annual report and accounts. It comprises:

- parliamentary accountability disclosures
- regularity of expenditure
- the Certificate and Report of the Comptroller and Auditor General to the House of Commons

By following the Government Financial Reporting manual requirements and best practice with corporate governance norms and codes, we can effectively demonstrate accountability to Parliament through the Accountability Report.

Corporate governance report

Our Insolvency Service Board Members

Directors' report

The composition of our governance boards (including advisory and non-executive members) having authority or responsibility for directing or controlling the major activities of the entity during the year are as follows:

Executive members

Dean Beale, Inspector General and Chief Executive

Angela Crossley, Strategy, Policy and Analysis Director

Dan Goad, People and Capability Director

Chris Pleass, Finance, Commercial, Sustainability and Property Director

Alec Pybus, Chief Operating Officer

Non-Executive members

Mark Austen

Mary Chapman (until May 23)

Frances Coulson

Samantha Durrant

Robert Hunt

Gary Kildare

Eoin Parker

Company directorship conflicts

No members had company directorships or other significant interests conflicting with their management responsibilities.

Information on personal data related incidents

More detail on information security is included in the governance statement.

Statement of Accounting Officer's responsibilities

Under the Government Resources 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 accrual basis and must give a true and fair view of the state of affairs of the Insolvency Service and of its income and expenditure, Statement of Financial Position 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; and prepare the Accounts on a going concern basis
- confirm the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

The Department for Business and Trade has appointed 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.

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

Governance Statement

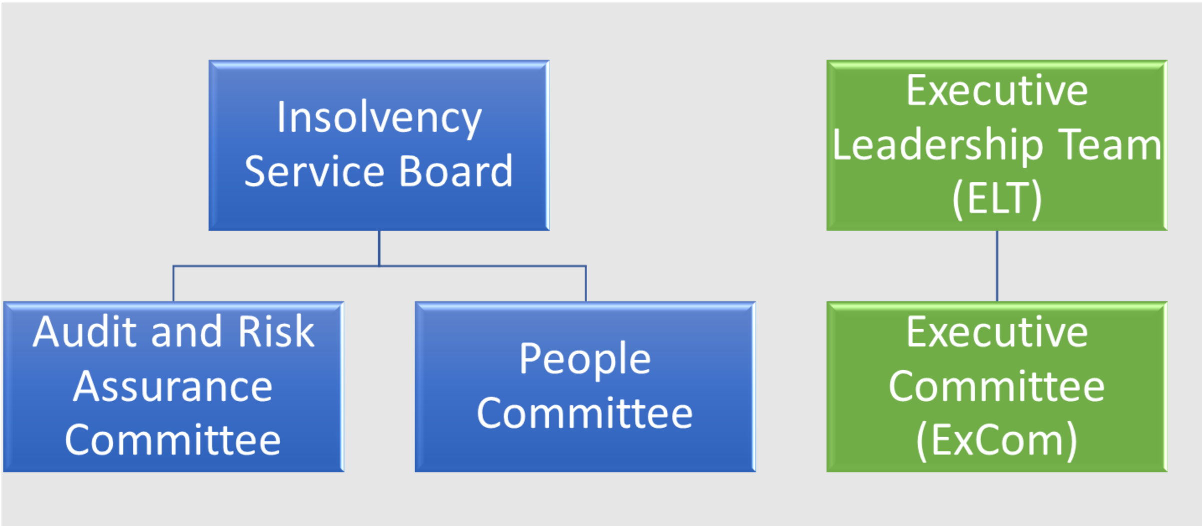
Introduction

As Accounting Officer, I am responsible for the governance, risk management and internal controls within the Insolvency Service. These controls make sure that the Agency meets its objectives whilst adhering to the principles of 'Managing Public Money', ensuring that public funds are used in a proper and effective manner.

Governance Structure

This section describes the governance arrangements in place during 2023-24. As Chief Executive I am supported by the Insolvency Service Board (ISB) and my Executive Leadership Team (ELT). The Agency 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 following diagram.



The **ISB** provides strategic leadership within a framework of prudent and effective controls which enable risk to be assessed and managed. It is collectively responsible for the long-term success of the Agency. This includes agreeing 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 the Department for Business and Trade (DBT) and externally on its stewardship.

The prescribed composition of ISB is for a greater number of non-executive board members (NEBMs) than executive members, designed to give an appropriate balance of skills, experience, independence and knowledge to enable the board to effectively discharge its duties and responsibilities.

The ISB is independently led by a non-executive Chair who ensures its ongoing effectiveness and that it meets the high standards of regularity and propriety expected of a public body. The Chair is also responsible for ensuring that the board both supports the CEO and the Executive Leadership Team and holds them to account for the Agency's performance, taking collective responsibility for the Insolvency Service's overall success.

The ISB met eight times during the year. Matters considered by it included:

- regular review and scrutiny of progress against the 2023-24 annual plan and targets
- approval of the Agency's budget for 2023-24
- progress of the implementation of the Agency's five-year strategy
- the adequacy of resources to deliver the Agency's strategic objectives and operations
- strategic priorities for the Agency set in the context of developing the future long-term objectives for the Insolvency Service, departmental and wider government aims, and changes to external insolvency markets
- major projects delivering organisational change
- topical items such as technology principles and customer satisfaction, progress on major cases of public interest
- feedback from board committees including reviewing the annual reports produced by the Audit and Risk Assurance Committee (ARAC) and People Committee
- regular assessment of exposure to, and management of, risks

Management information is used extensively by the ISB to monitor Agency risk and performance. An operational performance pack is presented to the board by the Chief Operating Officer, highlighting progress against key targets. The information presented to the board is closely monitored and challenged by directors at their monthly performance meeting before being presented to the board. The Agency's strategic risk register is reviewed quarterly by the ARAC and bi-annually by the ISB.

There have been no ministerial directions given to the Agency during 2023-24.

The ISB has two sub-committees: ARAC and the People Committee.

The **ARAC** is chaired by an appropriately qualified independent NEBM. Its membership comprises two further NEBMs. I attend along with the Agency Finance and Commercial Director and the Head of Corporate Governance, DBT representation; and representatives from the internal and external auditor teams. Other senior leaders attend as required.

The ARAC supports me as Accounting Officer and receives and reviews reports from both internal and external auditors. It reviews the annual financial statements prior to publication and provides assurance to the ISB on controls and risk. ARAC met four times during the year.

Matters considered by ARAC 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.
- reviewing work on the preparation and completion of both the Agency annual report and accounts and Insolvency Service Accounts (White Paper accounts)
- regular reviews of the Agency risk register and risk management
- scrutiny of fraud and error incidents
- regular reviews of the Agency's finance management reports
- assurance reviews of the following areas
    - Agency handling of volume PPI compensation receipts to historic bankruptcy cases
    - the Agency's approach to Cyber Security risks
    - Redundancy Payments Service (RPS) payment performance amidst rising case volumes

The **People Committee** is an advisory sub-committee of the ISB and is delegated by the board to provide governance, advice, support and to oversee activity relating to:

- the Agency's People Strategy,
- staff engagement and culture,
- diversity, inclusion, and wellbeing,
- health and safety
- succession planning

The People Committee is chaired by an independent NEBM. It also includes two other NEBMs, two executive board members and one external committee member. Matters considered by the committee included:

- reviewing the people impacts from Agency strategies and policies, such as Diversity and Inclusion, Wellbeing, and Raising a Concern
- recruitment challenges
- engagement and culture
- People Survey results
- annual health and safety report

The following table summarises NEBM attendance at ISB, ARAC and the People Committee meetings held between April 2023 and March 2024.

Non-Executive Board Members	*Insolvency Service Board (ISB)*	*Audit and Risk Assurance Committee (ARAC)*	*People Committee (PC)*
Mark Austen (Chair of ISB)	7/7	N/A	3/3
Robert Hunt (Chair of ARAC)	7/7	4/4	N/A
Mary Chapman (Chair of People Committee) *	2/2	N/A	1/1
Samantha Durrant**	6/7	1/1	2/2
Gary Kildare	7/7	4/4	N/A
Eoin Parker (DBT)	6/7	N/A	3/3
Frances Coulson***	7/7	3/3	N/A

* Mary Chapman resigned from the Board in May 2023
** Samantha Durrant became Chair of People Committee following Mary Chapman's resignation and ended her membership of ARAC in June 2023
*** Frances Coulson joined ARAC in June 2023

The **Executive Committee (ExCom)** meets twice monthly to review Agency performance, finance, strategy, and operational and strategic risks. I share chairing responsibilities for ExCom meetings with the Chief Operating Officer. All Directors, collectively known as the Executive Leadership Team (ELT) are involved in decision making at these meetings. The ELT is responsible for discussing Agency risks and issues, and monthly management information including, but not limited to, the Agency's performance targets.

Compliance with the Corporate Governance Code

In accordance with the Corporate Governance Code, the Agency conducts an internal review of the board's effectiveness annually, with an external independent review being carried out once every three years. An external review of Board effectiveness was undertaken in 2023 with the report and findings presented at the November Board meeting.

The review found many areas of good practice in place, with some recommendations for further development identified to enhance the effectiveness of the Board. Key strengths were identified in the breadth of skills and experience, the balance of support and challenge in meetings and the strong sense of customer focus by the Board. The report made recommendations that focussed on strengthening the board's succession planning, deepening board members understanding of the Agency's operational teams and building relationships with internal and external stakeholders. An Action Plan has been developed to address the recommendations accepted by the Board and will be implemented in the course of 2024-25.

Strategic Planning Review

During 2023-24, the Agency has successfully delivered the third year of its five-year strategy. The programme of projects aims to deliver a modernised, efficient, and sustainable service that puts customers at the heart of everything we do. Following the Agency's funding settlement from HM Treasury in the Comprehensive Spending Review 2021, this year we have invested over £22m in our transformation plans and delivered more effective and efficient services across the Agency.

Risk and Internal Control Framework

Risk Management Framework

Risk management is a key aspect of the Agency's internal control framework. A fundamental part of the Agency's risk management process is the regular review of the management of individual risks by ExCom. Agency risks are maintained in a register that captures strategic, financial, reputational, operational and compliance risks and details the controls and actions required to mitigate those risks to a manageable level. Each Directorate also maintains its own risk register.

During the year, the key risks and issues which were likely to impact on our ability to meet Agency objectives were identified and assessed for likelihood and impact. Each risk or issue is owned by a Director, and these are reviewed by the ExCom at each monthly meeting where we challenge the mitigating actions put forward and collectively agree the approach to be taken to manage the risk.

When considering proposed mitigating action, the ExCom will consider the cost and benefit of such action. The Risk Management process and the risk register is scrutinised by the ARAC at every meeting to ensure that it is operating effectively. Risks and issues are reported to the ISB at least twice a year.

The register is also used to inform the annual audit plan. ARAC and the ISB maintain oversight and monitor the mechanisms for the assessment and management of risk; ExCom identifies, defines, and investigates new risks across the organisation to ensure that appropriate mitigating measures are in place.

Significant Issues

The Agency has dealt with the following significant issue during the year:

Incorrect disclosure of sensitive information. The Agency reported 4 incidents during the year to the Information Commissioners Office (ICO) who were satisfied with the internal investigation undertaken. Communications reminding staff of the risks, and contemporaneous rules and procedures for handling sensitive information have been issued across the Agency. An action plan to further embed an information security and a counter fraud culture within the Agency is in place.

Key Strategic Risks

The Agency has dealt with the following risks this year:

Insolvency Framework - Flexibility to meet wider economic, social, geopolitical, legal, and regulatory landscapes. The Agency continues to liaise and maintain good relations with other government departments, Insolvency Practitioners, and other stakeholders, which allows for wider thinking and awareness across the sector of changing market conditions. This is combined with ongoing horizon scanning to ensure the Agency's strategy remains fit for purpose and is able to respond to economic and other shocks which impact on its work and demand for the services.

Failure to maintain and strengthen our investigation and enforcement reputation may lead to an ineffective enforcement regime, which fails to act as a deterrent against wrongdoing. The Agency’s published enforcement statistics and regular press releases of our successful enforcement outcomes across both civil and criminal actions, promotes the work that we do and acts as a deterrent to errant directors and others who would abuse the insolvency regime. Coverage of our work on National Interest Cases provides confidence to stakeholders of our capabilities across the range of casework we undertake.

Failure to make the Agency a 'great place to work' will impact on our ability to attract and retain insolvency professionals and staff in other supporting professions which we require to achieve our key deliverables and remain flexible and resilient. The Agency is working on 'grow your own' capability and broadened the apprenticeship offer which included opportunities within more of its professions.

Failure to respond effectively to high-profile investigations or redundancy cases may impact on the quality of service provided and draw additional levels of external scrutiny (media, select committee etc.) leading to reputational damage. The Agency's High-Profile Board oversees cases of high public interest. Cross-agency planning for National Interest Cases (NIC), which includes a strategy for resourcing, is in place. This strategy has been implemented and shown to be successful.

The Agency may be vulnerable to cyber-attack due to a lack of appropriate controls on its information assets. The Agency has a detailed strategy for Cyber Security and continually managed improvements, under four specific focuses: Overarching Strategy, Culture, Patching, and Network Security.

Key Operational Risks

Weaknesses in controls, will leave the Agency vulnerable to fraud by internal and external parties. The Agency has an embedded strategic approach to dealing with fraud. These measures consist of a series of directive controls; preventative controls; detective controls and other process controls.

Redundancy Payments Service – National Insurance Deductions

The Agency's Redundancy Payments Service (RPS) is responsible for making certain payments in respect of debts owed by insolvent employers to employees under section 182 of Part 12 of the Employment Rights Act 1996, on behalf of the Secretary of State.

The Agency uses a calculation engine to determine the appropriate amount of Income Tax and National Insurance to be deducted from taxable components paid to former employees of insolvent employers. The RPS calculation engine was built, following consultation with HMRC in 2018, to apply one week's primary threshold to each individual week within a calculation, with National Insurance and tax applied at the point of calculation and to each component individually. Following further engagement with HMRC, we have worked to understand the complexity of National Insurance Contributions ("NIC") deductions from Secretary of State payments. This complexity is exacerbated by the difficulty of applying social security contributions regulations and guidance in HMRC's national insurance manuals to the unique circumstances of RPS.

In December 2021, the Agency undertook a review of the calculation leading to queries being raised with HMRC about the accuracy of the calculation methodology. HMRC advised that RPS's calculation engine would require amending to be compliant with its interpretation of the applicable legislation. Following these enquiries, including working with expert Counsel, it has been determined that the solution remains complex, as the application of National Insurance deductions is determined by a number of factors including the redundancy component having been paid, when it was paid, and the individual claimant's earnings period. In addition, HMRC also informed RPS that its status as a payer of redundancy and related payments could only be that of an 'other payer.' In practice, this determination would mean that the Agency is required to perform the calculations, deductions, and reporting of PAYE and NICs on the claimant's specific earnings to HMRC.

Following further discussions with HMRC, RPS, with the assistance of Government Lawyers, modelled a number of scenarios dealing with all possible combinations of payments in order to seek an understanding as to how NICs should be deducted. It should be noted that payments made by RPS can also span different earnings periods and tax years. To manage the workflow to HMRC, the scenarios were shared in an iterative manner throughout 2023-24, with amendments made as feedback was received.

Although we have continued to engage with HMRC throughout this period, RPS has been unable to make further progress on this matter at the year-end date as we were still awaiting further scenario feedback. However, since the balance sheet date a response from HMRC has been received and work has subsequently resumed.

The Agency has modelled scenarios to assess the potential impact of applying the calculation engine changes advised by HMRC for 2023-24. Applying the revised methodology would lead, we estimate, to a potential £1.94m under deduction and a £2.73m over deduction of National Insurance across c.117,000 individual components in 2023-24. The gross value of these deductions represents c.1.0% of the total value of RPS payments of c.£494m. The median over deduction is c.£30 and the median under deduction is c.£40.

On a cumulative basis since December 2021, we have issued payments with total estimated over deductions of £5.16m and under deductions of £3.73m. This compares to total RPS payments of £1.10bn over the three financial years impacted. The cumulative value of over deductions, £5.16m, has been classified as a provision, details of which can be seen in Note 12.

The Agency expects to have resolved these complexities at the earliest opportunity and once agreed the Agency shall make the required amendments to the calculation engine. Given the low median values of under-deductions, many of these will be written-off as uneconomic to recover, as many components fall below the Agency's internal de minimis of £50. Larger balances will be recovered through the Agency's established debt recovery processes within RPS, though noting that the process to recover these will have to be agreed with HMRC. The Agency will then issue additional payments to correct over-deductions.

The Agency has continued to make redundancy payments as required by law since the issue with NIC deductions was first raised. Managing Public Money does require that the Agency prevent recurrence of irregular spending; however, as the irregularity pertains to supporting those in financial distress it has been agreed with the Department and with HMRC, that we should continue to make redundancy payments whilst working towards remediating any deduction errors within our NIC calculation engine. The Agency, acting for the Secretary of State, is bound by legislation to make payments to those eligible for the RPS scheme, therefore ceasing payments would contravene legislation as well as the principle of regularity as set out within Managing Public Money. It may also impact the contributory benefit entitlement of the recipients of the payments, i.e., may lead to gaps in an individual's National Insurance contributions record, affecting their entitlement to state benefits.

Internal Controls

Quality Assurance of Analytical Models

Since the GIAA review in 2022-23, all recommendations relating to the assurance of the two business-critical Income models, used by the Agency in relation to planning assumptions for case inputs and fee income, have been closed.

To mitigate the identified risks with a single point of failure, the Agency has implemented an independent review to assure the accuracy and reliability procedure to validate the complex income models. Additionally, the Agency has successfully recruited a new Deputy Head of Income Accounting and established the new Income Working Group. Through promotion and rotation in ORS Finance Business Partner roles there is increased overall capability and detailed knowledge and understanding of the models through a broader number of staff with income accounting knowledge.

In order to ensure that income assumptions have been applied appropriately the data available has been considered by a variety of internal stakeholders, including colleagues from Operations with detailed understanding of casework processes. In previous reviews recommendations were primarily based on subjective considerations, however this broader input has added the capacity to link economic, operational and fee regime changes to improve the reliability of the review.

Finance staff have also held meetings with external stakeholders to review whether modelling could be amended to reflect forecast economic conditions; however, this was discounted as the resource demands and complexity were considered disproportionate to any benefit that might be gained.

Finally, to improve change management procedures the Agency has adopted more rigorous version control of the income models and a reconciliation between the income models and their source data.

The Income Accounting Team will continue to periodically review the models and processes to ensure they are reliable and align with the Agency's strategic plans, whilst also reflecting any significant economic, operational and fee regime changes.

Effectiveness of Raising a Concern Policy

We work in partnership with our parent department to give independent oversight and assurance to our Raising a Concern policy. The policy and procedure we use was adopted from the Civil Service Employee Policy and has been written with reference to the Public Interest Disclosure Act 1998, which offers protection to those in both the private and public sectors, who blow the whistle, in certain circumstances. Our aim is to raise and encourage an awareness of our whistleblowing policies and procedures, and to create a culture where it is a safe place to raise a concern so that employees speak up and challenge suspected wrongdoing at work.

The Agency has a dedicated Raising a Concern Nominated Officer responsible for providing support to the whistle blower whilst undertaking an impartial review of the concerns raised to determine whether they fall under the Raising a Concern policy and decide on the most appropriate way to take the matter forward; they are also the central point of contact for the whistle blower and any investigation.

Our Raising a Concern policy, procedures and guidance are on our Intranet which is available to all employees.

Two matters were investigated during 2023-24, but no evidence was found to support the issues raised.

Customer Feedback and Complaints Process

Our Agency Annual Plan sets a target against which we can measure customer satisfaction. The Insolvency Service gathers feedback from our service users by means of:

- an annual customer satisfaction survey,
- annual surveys with delivery partners,
- customer service exit surveys,
- our complaints process

The customer satisfaction survey is conducted by an independent research agency which uses telephone interviews. The delivery partner surveys and exit surveys are conducted in house via an online survey tool.

These annual surveys capture the perceptions and experiences of the main customer groups using our services.

The Agency complaints process comprises of three internal complaint tiers, with Tier 3 complaints investigated and responded to by the office of the Chief Executive. We aim to respond to 90% of complaints within 10 working days of receipt. If we are unable to respond within our usual time frame, we make contact within 5 working days to advise the reasons why.

We use the lessons learned from handling complaints to improve Agency performance and customer satisfaction.

Delegated Financial Authorities

The Agency's budgets are allocated at Director-level, in line with directorate plans, and are monitored by ExCom and the ISB at Agency level.

A system of delegations and approvals is in place throughout the Agency to ensure that appropriate and proportionate processes exist for the assessment, approval, and authorisation of all expenditure. My financial delegations as Accounting Officer are set by DBT and sub-delegated to directors and other senior leaders.

Physical Security

The Insolvency Service currently has 16 main and 4 remote sites across England, Wales and Scotland. The majority of our sites have high protective security control systems.

The Agency ensures that National Protective Security Authority (NPSA), Operational Requirements (OR) Inspections and Secure by Design Principles are adhered to. The NPSA methodology, has enabled the Physical Security and Resilience Team to identify and remediate sites which fall below NPSA standards across the estate.

The Agency will always implement proportionate protective security controls to ensure the safety of personnel and the protection of assets and information at the Official Sensitive level.

In this reporting period, the Agency has not experienced any significant lapses in relation to protective (physical and personnel) security. There have been five physical breaches of security which were rectified, and two protective security issues including a bomb threat in the vicinity of one of the Agency's sites.

Information Governance

The Agency's Chief Information Officer is Ranuka Jagpal, who oversees information risk and is supported in the role by the security team. A network of information asset owners exists in a manner consistent with published guidance, '*The Role of Information Asset Owners in Government'.*

Compliance with statutory timescales for the provision of information were adequate over the reporting year (April 23 – March 24), with 98% of Freedom of Information and 100% of Subject Access Request responses within statutory timescales. The Agency replied to four Freedom of Information requests between 1 and 24 days outside the statutory timescales. These delays were caused by administrative errors and internal delays in obtaining the information requested.

During the reporting year we made four reports to the Information Commissioner's Office, two of which were dismissed with no further action. The remaining two are under investigation for improper disclosure of information and we await the outcome.

Government Functional Standards

Heads of Function and Functional Leads have been appointed across the Agency.

Heads of Function that have subject specific Standards undertake a process of self-assessment and are peer reviewed each year by partner organisations, together with additional oversight and assurance activities undertaken by Corporate Governance team to monitor and ensure compliance with the Standard.

STANDARD	NARRATIVE
GovS 001: Government Functions	Heads of Function and Functional Leads have been appointed across the Agency and a business planning template that reflects the requirements of the Government Functional Standard (GovS001) has been introduced. The business planning process is owned by the Agency Strategy Team and is subject to oversight by the Corporate Governance team. Heads of Function that have subject specific Standards have undertaken a process of self-assessment and are peer reviewed each year by partner organisations, together with additional oversight and assurance activities undertaken by Corporate Governance team to monitor and ensure compliance with the Standard.
GovS 002: Project Delivery	Having completed an assessment against the Continuous Improvement Assessment Framework Tool, improvement activities are underway to address gaps and build on the initial assessment. Assessment against three of the seven themes shows a rating of Better or Good, with the remaining four areas determined as In Development. Several improvements have already been made which will be reflected in the next assessment which we expect to undertake Autumn 2024 particularly around portfolio management, benefits realisations, organisational design, and innovation.
GovS 003: Human Resources	The Agency was assessed in 2022 and received a 'Good' and 'Better' with a few areas of development. We built upon this assessment during 2023-24 by undertaking quarterly reviews of performance against the standards and working with other government departments to share best practice to ensure a consistent approach. As part of our improvement plan, we will continue to develop our workforce planning capability through the Organisation Development Board and directorate workforce planning to improve our current rating from partially compliant to fully compliant.
GovS 004: Property	The Agency was one of the few ex-BEIS Partner Organisations to participate in the pilot run of the Functional Standard assessment in 2021-22. We have continued to engage closely with the Strategy team at the Office of Government Property (OGP). In 2023-24 we implemented considerable improvements in governance by appointing an experienced subject matter expert Senior Leader to lead the Property Function, and by making structural changes to align with the Government Property Function (GPF) Intelligent Client Function (ICF) guidance. These included the creation of the Strategy and Assurance team which should facilitate further the implementation of the Standard and improve the Agency's performance against it. By the end of 2024-25, we shall establish a framework and process for continuous improvement including periodic reviews and metrics associated with strategic alignment, operational performance, and user satisfaction.

STANDARD	NARRATIVE
GovS 005: Digital	The Agency carried out an assessment against the Functional Standard guidance issued by CDDO in March 2022. This assessment showed that of the 16 ‘Shall’ requirements we assessed ourselves as ‘Better’ or ‘Good’ in 10. The remaining 6 ‘Shall’ requirements, although not formally assessed since then, have, in the main been progressed through organisational design, project delivery and changes in governance. These include compliance and alignment with the Project Delivery and Security Functional Standards, accessibility needs being met and Security and Fraud Prevention training. Work is underway to define Service ownership to meet end user needs and alignment with the Counter Fraud Functional Standard. The DDAT Functional Standard was published in March 2023, and we plan to undertake a refreshed assessment against this standard in Autumn 2024.
GovS 006: Finance	The Agency undertook an initial assessment of the Functional Standard in 2021-22, subsequent to that initial assessment the Agency has developed an improvement plan and made changes to the operations of Finance to improve compliance with the Global Design Principles. We shall assure our assessment of current compliance, and that of improvements made, via peer review to take place in 2024-25. Residual gaps in our compliance are largely driven by system limitations, which shall be addressed at the earliest opportunity. Our compliance is regularly reported to ARAC for monitoring
GovS 007: Security	The Agency undertook an assessment of the Functional Standard in 2023, creating a gap analysis/development plan which highlights areas for improvement. The activities associated with this development plan include further Policy and Guidance documents, improved Operational Requirement and Protective Security inspections for both new and existing sites, increased collaboration with other Government Departments, improved governance in relation to InfoSec and Protective Security, improved Business Continuity strategies, and a robust comms plan to assist in the improvement of awareness of on-going security risks and issues and the mitigations in place relating to these.
GovS 008: Commercial and Commercial Continuous Improvement Framework	The Commercial Continuous Improvement Assessment Framework (CCIAF) is designed to help drive continuous improvement in commercial practices across the public sector and deliver against the Functional Standard. It is mandated for Government Departments and Bodies with an annual spend of over £100m to complete. While not mandated to complete, the Insolvency Service’s Commercial Function was an early adopter of the CCIAF and has consistently improved against it. The CCIAF assessment provides detail on areas where adherence to the standards can be further improved with a focus on the delivery of Commercial Category Strategies, ensuring all in-scope procurements include evaluation against Social Value and Environmental Sustainability, and by diversifying the Agency’s Supply Chain with continued efforts to engage with Small and Medium Enterprises (SMEs).
GovS 009: Internal Audit	The Agency met all requirements for GovS009 as assessed in 2022, which is primarily reliant on the service providers’ Government Internal Audit Agency (GIAA) delivery of the audits. For 2023-24 we continued to work closely with GIAA and enhanced our monitoring to maintain oversight of the delivery of the annual audit plan, ensuring that the process is embedded and continually improved for future years.

STANDARD	NARRATIVE
GovS 010: Analysis	The Agency completed an internal assessment against the Functional Standard in 2023-24. The Agency was found to meet requirements in governance and stakeholder management but areas for improvement were identified in the impact of analysis, skills and adherence to guidance, improvement plans are being implemented for all these areas. A follow up assessment to measure progress will be conducted in Q4 2024-25.
GovS 011: Communication	Following the Agency's 2023 Government Internal Audit Agency (GIAA) review of the Agency's internal communications and engagement, all recommendations have been implemented. Our internal communications, media and stakeholder engagement teams have been restructured to focus on areas of the business which support those in financial distress and delivering economic confidence, spotlighting our deterrent activities, change initiatives, and success stories. In 2024-2025, our focus will be on improving our external communications, and building and maintaining awareness of our enforcement work and its outcomes. Our plans reflect the strategic priorities in the Government Communication Plan and standards, and include clear metrics to support the delivery of cross-government and Agency objectives. During 2023-24 the Agency has continued to adhere to the GovS011 principles, which included aligning our strategic communication objectives to government policy and organisational objectives, championing a unified response to crises, promoting a culture of diversity and inclusion, committing to continuous improvement, and ensuring accountability for actions and decision making. Our plans reflect the strategic priorities in the Government Communication Plan and include clear metrics to support the delivery of cross-government and Agency objectives. We are also working with the Government Communications Service on its new functional standard peer review and assessment process.
GovS 012:	This standard number has not been allocated to a function/deliberately blank
GovS 013: Counter Fraud	The Agency was an early adopter of the GovS013 Standard and part of the pilot. For the 2022-23 assessment areas identified as partially met were addressed through Government Internal Audit Agency (GIAA) audit recommendations and the 2023-24 Functional Standards action plan, which included the development of proactive detection activities. For 2024-25 the Agency will continue to maintain and improve compliance, specifically refining metrics, as timetabled within our action plan shared with the Public Sector Fraud Authority and Counter Fraud Expert Services. We will also recruit additional expertise to support the delivery of the Agency's Counter Fraud Strategy and continue being an integral part of the wider counter fraud DBT network, sharing best practice.
GovS 014: Debt	The Agency undertook an initial assessment of the Functional Standard in 2021-22. Work has been undertaken subsequently to this to improve our rates of compliance. We shall perform a peer review within 2024-25 to assure the progress made to improve compliance. Our compliance would be improved by greater system automation which shall feed into our requirements for future system changes.
GovS 015: Grants	The Agency does not issue grants and as such is not subject to GOVS 015 Grants. Therefore, no assessment, peer review, or improvement plan is required for this Standard.

Accounting Officer Annual Review of Governance Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by internal audit activities together with directors' and senior leaders' annual statement declarations on governance, risk management and the internal control framework. This is measured against six key indicators (Leadership, Governance, Culture and Capability, Partnership and Stakeholder Management, Risk Management, and Financial Management) for the areas of the business for which they have responsibility. Reviews are conducted in collaboration with the Corporate Governance Team. The Head of the Corporate Governance Team, Head of Internal Audit and Chair of the ARAC also met with Directors to discuss any key issues arising from the six key indicators.

Internal Audit

The audit programme is prepared by the Executive team and the GIAA. The programme complies with government internal audit standards. The annual audit plan is 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. The internal audit plan is approved annually by ARAC which receives copies of all reports and reviews progress at each meeting.

Internal Audit Annual Assurance Opinion

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 2023-24 the overall audit opinion given is Moderate.

This opinion is based on the results of individual audit engagements undertaken throughout the year, attendance of boards and committees, and regular meetings with senior management.

The Agency has made good progress in the third year of its five-year strategy, continuing their activity on transforming operations and the insolvency framework to better support performance and customer delivery. The risk landscape remains challenging given the political environment, impacts from the cost-of-living crisis, Agency's transformation agenda, increasingly competitive recruitment market and a reported data breach incident which resulted in staff dismissal.

The Agency continues to maintain a proportionate level of key controls, and no significant weaknesses were identified. Encouragingly, and in contrast to previous years, no 'Limited' assurance opinions were issued this year.

Looking forward, areas for continued focus by the Agency, which are reflected in the 2024-25 Customer Audit Plan, include: ensuring the first line of defence is robust and effective; that governance continues along the current improving trajectory; ensuring IT controls are in compliance with data protection and information security requirements; and supporting ongoing business change as part of the wider transformation programme in line with our strategy.

In addition, being able to flex and build internal capability and capacity will be crucial to support the operational readiness for the new Case Management System and scaling-up of enforcement and legal resources, as a result of the Companies House reform activity.

Accounting Officer Conclusion

I have considered the evidence provided for the production of the Annual Governance Statement and the independent advice and assurance provided by the Audit and Risk Assurance Committee. From my review of this evidence, I am satisfied that the Agency has satisfactory governance and risk management systems in place.

Remuneration and Staff Report

Remuneration report

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 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.gov.uk/government/organisations/review-body-on-senior-salaries

Remuneration (including salary) and pensions entitlements

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

Remuneration – including salary, benefits in kind and pensions (audited)

Officials	Salary (£'000)		Bonus Payments (£'000)		Benefits in Kind (to nearest £100)		Pension Benefits[1,2] (£'000)		Total (£'000)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Alec Pybus Chief Operating Officer	110-115	100-105	5-10	0-5	Nil	Nil	-	40	120-125	145-150
Angela Crossley Strategy, Policy and Analysis Director	95-100	90-95	Nil	Nil	Nil	Nil	-	(13)	95-100	75-80
Christopher Pleass Finance, Commercial, Sustainability and Property Director	100-105	95-100	Nil	5-10	Nil	Nil	-	17	100-105	115-120
Daniel Goad People & Capability Director	105-110	95-100	0-5	Nil	Nil	Nil	-	38	105-110	135-140
Dean Beale Chief Executive	110-115	100-105	Nil	5-10	Nil	Nil	-	(3)	110-115	105-110

[1]Accrued pension benefits for directors are not included in this table for 2023-24 due to an exceptional delay in the calculation of these figures following the application of the public service pension remedy.
[2]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 My CSP for each individual. The movement exclude increases due to inflation or any increase or decreases due to a transfer of pension rights. Taking account of inflation, the CETV funded by the employer can decrease in real terms. Any members affected by the Public Service Pensions Remedy were reported in the 2015 scheme for the period between 1 April 2015 and 31 March 2022 in 2022-23 but are reported in the legacy scheme for the same period in 2023-24.

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.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2023-24 relate to performance in 2023-24 and the comparative bonuses reported for 2022-23 relate to the performance in 2022-23.

Pay multiples (audited)

Reporting bodies are required to disclose the banded percentage change from the previous financial year in respect of the highest paid director and an average in respect of all employees taken as a whole.

The Agency is currently negotiating a pay deal for staff from bands A to D, (Civil Service grades AA to Grade 6), with the Cabinet Office and HM Treasury, effective from 1st August 2023. These have yet to conclude and, as a result, the information presented in the following tables does not take account of any outcome from those negotiations.

The tables reflect the gross payments received by staff during the 2023-24 reporting year. Staff turnover means that as more experienced, higher paid staff move on promotion or leave the Agency, they can be backfilled by staff at lower "entry points" in grade. This causes our average employee staff salary to be lower than expected, though none of our staff working in the same grade have experienced any reduction in their annualised rate of pay.

Banded percentage change from prior year	Salary and allowances	Performance Pay and bonuses
As at 31 March 2024		
For highest paid director[1]	5%	0%
For average employee[2]	1%	(16%)
As at 31 March 2023		
For highest paid director[1]	0%	0%
For average employee[2]	9%	3%

[1] Calculated on the midpoint of a rounded £5k pay band. The highest paid director as at 31 March 2024 is different to the individual used as at 31 March 2023.
[2] Based on the total pay for all employees on an annualised basis, excluding the highest paid director, divided by the full-time equivalent number of employees (also excluding the highest paid director). As at 31 March 2024 there is an outstanding pay award for staff below Senior Civil Service. This has the effect of making the figures for the average employee as at 31 March 2024 lower than they would otherwise be. The reduction reflects staff turnover where new entrants join at the bottom of their respective pay scales. The 'Salary and Allowances' column as at 31 March 2024 has been impacted by the £1,500 non-consolidated payment announced in 2023 by Ministers to every member of the Civil Service below Senior Civil Service.

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

Year	25th percentile pay ratio[1]	50th percentile median pay ratio[1]	75th percentile pay ratio[1]
As at 31 March 2024[2]	4.4:1	3.3:1	2.5:1
As at 31 March 2023	4.6:1	3.4:1	2.5:1

[1] Calculated on the midpoint of a £5k rounded pay band for the highest paid director.
[2] As at 31 March 2024 there is an outstanding pay award for staff below Senior Civil Service. This has the effect of making the figures for 31 March 2024 higher than they would otherwise be. These figures have been impacted by the £1,500 non-consolidated payment announced in 2023 by Ministers to every member of the Civil Service below Senior Civil Service.

The minimal changes in the current financial year's pay ratios compared to the pay ratios of the previous financial year is due to the banded remuneration remaining identical and there not being a material change in the workforce, or a change in the highest paid director's remuneration. The change in the ratios is consistent with the pay, reward and progression policies of the Agency due to the outstanding pay award for staff below Senior Civil Service, therefore decreasing the 25th and 50th percentile and no change this year in the 75th percentile.

	25th percentile pay	50th percentile median pay	75th percentile pay
As at 31 March 2024[1]			
Total remuneration[2]	£25,791	£34,399	£45,612
Salary component only	£22,183	£31,620	£42,456
As at 31 March 2023			
Total remuneration	£24,006	£33,073	£44,501
Salary component only	£22,183	£31,730	£43,296

[1] As at 31 March 2024 there is an outstanding pay award for staff below Senior Civil Service. This has the effect of making the figures for 31 March 2024 lower than they would otherwise be.
[2] These figures have been impacted by the £1,500 non-consolidated payment announced in 2023 by Ministers to every member of the Civil Service below Senior Civil Service.

As at 31 March 2024, remuneration ranged from £16,000 to £200,000 (31 March 2023, £16,000-£200,000). This range includes agency workers and contractors where a derived annualised salary has been calculated as if they were employed for a full year. As at 31 March 2024, 29 people (31 March 2023: 41 people) received remuneration in excess of the highest paid director.

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

Remuneration of Insolvency Service Board Members (audited)

The Insolvency Service Board comprises 11 members although there have been movements throughout the year where members have joined and left the Insolvency Service Board and/or the Insolvency Service.

5 of the roles are civil servants, shown on earlier pages:

- Agency Chief Executive
- Chief Operating Officer
- People & Capability Director
- Finance, Commercial, Sustainability and Property Director
- Strategy, Policy and Analysis Director

Their remuneration is borne by the Insolvency Service and is disclosed above.

Non-Executive Board Members	Salary 2023-24 £000	Salary 2022-23 £000
Mary Chapman[1] (from 1 August 2017- 31 May 2023)	0-5	10-15
Mark Austen (from 6 April 2021, Chair from 16 April 2021)	15-20	15-20
Robert Hunt (from 6 April 2021)	10-15	10-15
Samantha Durrant (from 6 April 2021)	10-15	10-15
Gary Kildare (from 6 April 2021)	10-15	10-15
Frances Coulson (from 6 April 2022)	10-15	10-15
Eoin Parker[2] (from 20 April 2021)	Nil	Nil

[1] During 2023-24 Mary Chapman had a full year equivalent salary of £10-15k.
[2] The costs of Eoin Parker were borne by DBT and they did not receive any additional amount for board duties from the Insolvency Service.

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

There are no company directorships and other significant interests held by members of the management board which may conflict with their management responsibilities.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

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, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. 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. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate in 2.32%. 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 an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). 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 0.5% 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, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

This 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 pension benefits, they have 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.

CETVs are calculated 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 is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the employee. It is worked out using common market valuation factors for the start and end of the period.

Compensation for loss of office (audited)

As per 2022-23, no senior managers have received compensation for loss of office in 2023-24.

Pension benefits (audited)

Officials[1,2]	Accrued pension at pension age as at 31/3/24 £'000	Real increase in pension £'000	CETV[3] at 31/3/24 £'000	CETV[3]at 31/3/23 £'000	Real increase in CETV[4] £'000
Alec Pybus Chief Operating Officer	-	-	-	201	-
Angela Crossley Strategy & Change Director	-	-	-	839	-
Daniel Goad People & Capability Director	-	-	-	226	-
Christopher Pleass Finance & Commercial Director	-	-	-	543	-
Dean Beale Chief Executive	-	-	-	803	-

[1] Accrued pension benefits for directors are not included in this table for 2023-24 due to an exceptional delay in the calculation of these figures following the application of the public service pension remedy.
[2]Any members affected by the Public Service Pensions Remedy were reported in the 2015 scheme for the period between 1 April 2015 and 31 March 2022 in 2022-23 but are reported in the legacy scheme for the same period in 2023-24.
[3] CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2024. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.
[4] The final salary pension of a person in employment is calculated by reference to their pay and length of service. The pension will increase from one year to the next by virtue of any pay rise during the year. Where there is no or a small pay rise, the increase in pension due to extra service may not be sufficient to offset the inflation increase. This means that in real terms, the pension value can reduce, hence the negative values.

Staff Report

Senior Staff by pay-band

The table below provides the number of Senior Civil Servants or equivalent by pay-band:

	As at 31 March 2024	As at 31 March 2023
SCS Pay-band 2	1	1
SCS Pay-band 1	10	11

In the year to 31 March 2024, one SCS Pay-band 1 member of staff retired from the Agency.

Staff composition

	Employees		**SCS (incl ISB Members)**		**ISB Members All Staff**		**All Staff**	
	No	**%**	**No**	**%**	**No**	**%**	**No**	**%**
As at 31 March 2024								
Female	977	56.97%	2	18.18%	1	20.00%	979	56.72%
Male	738	43.03%	9	81.82%	4	80.00%	747	43.28%
	1,715		**11**		**5**		**1,726**	
As at 31 March 2023								
Female	948	57.91%	2	16.67%	1	20.00%	950	57.61%
Male	689	42.09%	10	83.33%	4	80.00%	699	42.39%
	1,637		**12**		**5**		**1,649**	

Staff Costs (audited)

	2023-24			2022-23		
	Permanently employed £'000	Others £'000	Total £'000	Permanently employed £'000	Others £'000	Total £'000
Wages and salaries	63,816	12,636	**76,452**	56,512	10,400	**66,912**
Social security costs	6,644	-	**6,644**	6,071	-	**6,071**
Other pension costs	16,014	-	**16,014**	14,894	-	**14,894**
Voluntary exit scheme	267	-	**267**	-	-	**-**
Subtotal	**86,741**	**12,636**	**99,377**	**77,477**	**10,400**	**87,877**
Add cost / (Less recoveries) in respect of outward secondments	(90)	-	**(90)**	(111)	-	**(111)**
Total net costs	**86,651**	**12,636**	**99,287**	**77,366**	**10,400**	**87,766**

Sickness absence data

During the year, the number of average annual working days lost per employee was 8.1 days (2022-23: 7.0 days).

Staff Turnover percentage

During the year, the staff turnover percentage for the Agency was 10.4% (2022-23, 10.2%).

Staff policies applied during the year

The Insolvency Service is committed to employing disabled people and we have achieved Disability Confident Leader (level three).

Where an applicant has indicated they have a disability and have demonstrated the minimum essential criteria for the post, we have chosen to continue to guarantee to progress to the next stage of the selection process. To reduce potential bias:

- We continue with the Success Profiles approach; adding four elements that combine to deliver a powerful and flexible recruitment framework. The Success Profiles Framework is part of the Civil Service Workforce Plan
- when shortlisting applications, all application forms are anonymised
- it is expected that all selection panel members should have an understanding of the new Success Profiles recruitment and include at least one member who has completed the recruitment and selection training. It is mandatory that all panel members have undertaken the new Civil Service training – Civil Service Expectations. This training will be mandatory for all Agency colleagues and will be completed annually.

Additionally, all disabled applicants may request reasonable adjustments at any stage of the recruitment process without disclosing the nature of their disability.

We ensure we support our disabled employees and workers, including those who have recently become disabled by:

- ensuring all our employees are aware of our Inclusion strategy and action plan – Inclusion First, the key provisions of which are to ensure that there is equality of opportunity for all and no discrimination against people on the grounds of any protected characteristics (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation) including colleagues from low socio economic backgrounds, so that colleagues can achieve their full potential and need not fear unfair treatment, bullying or harassment. People who do not adhere to these policies may be subject to disciplinary action
- providing workplace adjustments when required and ensuring managers are equipped to support disabled employees with specific guidance on this topic
- ensuring access to training materials, learning events and career development opportunities for disabled employees through accessible versions of materials or by making workplace adjustments
- by using the recruitment processes shown above when considering applications from disabled employees for promotion

Business Appointment Rules

The Agency applies the Business Appointment Rules in line with the guidance published on GOV.UK. In compliance with Business Appointment rules, the Agency is transparent in the advice given to individual applications for senior staff, including non-executive directors.

The Agency's internal guidance provides requirements on its staff with reference to the Business Appointment Rules.

Other employee matters

Other employee matters including information on health and safety, diversity, and Civil Service People Survey results can be found in the Performance Report and Governance Statement.

Off-payroll engagements

	2023-24 **£000's**	**2022-23** **£000's**
Cost of off-payroll engagements	£12,918	£11,815
Average number of staff	310	200
Of these:		
Number paid more than £245 per day	100	95
Number that lasted less than 6 months	22	35
Number lasted longer than 6 months but less than a year	17	31
Number paid more than £245 per day with a contract lasting more than 1 year but less than 2 years	53	22
Number where contract lasted longer than 2 years	8	7

Between 1 April 2023 and 31 March 2024 there were 100 off-payroll engagements or those that reached 6 months in duration, for more than £245 per day. 99 of these were assessed as being caught by IR35. None of these were engaged directly (via PSC contracted to DBT) and on DBT payroll. All 100 were reassessed for consistency/assurance purposes during the year, and there were no changes to IR35 status following these consistency reviews.

During 2023-24 none of the off-payroll engagements were board members or senior officials with significant financial responsibility (2022-23: None).

Consultancy

Spend on consultancy was £580K (2022-23: £288K). These included costs relating to a Board Effectiveness Review, provision of technical architecture support for our public facing services and integrations, including setting standards, leading on design and assuring implementation of improvements and fixes to our products and the delivery of a programme of cost transparency activities across our IT estate.

Staff Exit packages (audited)

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 other departures agreed	Total number of exit packages by cost band
<£10,000	0 (0)	1 (0)	0 (0)
£10,000-£25,000	0 (0)	2 (0)	0 (0)
£25,000-£50,000	0 (0)	2 (0)	0 (0)
£50,000-£100,000	0 (0)	2 (0)	0 (0)
Total number of exit packages	**0 (0)**	**7 (0)**	**0 (0)**
Total Resource cost / £'000s	**0 (0)**	**267 (0)**	**0 (0)**

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 Agency has agreed early retirements, 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.

Pension scheme details

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as "alpha" – are unfunded multi-employer defined benefit schemes but the Agency is unable to identify its share of the underlying assets and liabilities.

The scheme actuary valued the PCSPS as at 31 March 2020. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation.

For 2023-24, employers' contributions of £15.9m were payable to the PCSPS (2022-23: £14.8m) at one of four rates in the range 26.6 per cent to 30.3 per cent (2022-23: 26.6 per cent to 30.3 per cent) of pensionable pay, based on salary bands.

The scheme's Actuary reviews employer contributions periodically following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2023-24 to be paid when the members retire 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 £106K (2022-23: £107k rounded) were paid to 1 appointed stakeholder pension provider. Employer contributions are age-related and range from 8.00 per cent to 14.75 per cent (2022-23: 8.00 per cent to 14.75 per cent) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £3.5k (2022-23: £3.7k), 0.5 per cent 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.

This year 2 employees (2022-23: no employees) retired early on ill-health grounds, incurring £19k additional accrued pension liability.

Average number of persons employed (audited)

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

Number	2023-24	2022-23
Directly Employed	**1,595**	**1,581**
Other[1]	**145**	**87**
Total	**1,740**	**1,668**

[1] The increase in the use of Agency and Contractor staff, disclosed above as "Other", is primarily driven by two demands for additional labour. The first need is to cover business critical roles whilst recruitment is ongoing. Due to difficulties with recruitment the Agency has made a greater use of contingent labour to ensure business critical activities can be delivered. Additionally, the Agency has recruited contractor resource for time-bound investigation work into Bounce Back Loans issued during the COVID-19 Pandemic.

Parliamentary Accountability and Audit Report

Parliamentary Accountability Disclosures

Regularity of expenditure (audited)

Additional details can be found in the Governance Statement within the Corporate Governance Report, and the financial performance section within the Performance Report. There are also associated disclosures within Note 12 of our Financial Statements which provide details of the provision recognised in respect of the regularity of expenditure.

Remote contingent liabilities (audited)

In addition to those Contingent Liabilities disclosed within Note 14 of Financial Statements the Agency also has 107 active or soon to be active legal cases as at 31 March 2024 which carry a possibility that a liability might arise.

Losses and Special Payments (audited)

The disclosures in this note are in accordance with Managing Public Money, the official guidance on handling public funds. In all cases, the Agency sought formal approval for its proposals and actions with regards to these matters from either HM Treasury directly or indirectly through DBT.

Losses statement (audited)

	2023-24	2022-23
Total number of losses	**9,776**	**6,642**
RPS receivable loss (£'000)	454,365	263,128
Other losses (£'000)	343	3,558
Total value of losses (£'000)	**454,708**	**266,687**

Losses are any cash losses, claims abandoned and fruitless payments which have been made within the year. There were no losses with an individual value of more than £300k during the year (2022-23: one).

The RPS receivable loss shown above relates to the expected loss on Redundancy Payments Service included during the year. Most of the redundancy payments made from the National Insurance Fund (NIF) are in respect of employees of insolvent companies. Repayment of debt is recovered from the sale of the assets of the insolvent company, and as such most of the debt is irrecoverable. HMRC records the impairment of the RPS receivable in NIF accounts. Dividends from insolvencies can take many years to come to fruition, hence it is difficult to evaluate individual debtor losses within a given financial year. However, work is being performed to enable the value of all those debts which reached final loss stage to be estimated in the future.

Special Payments (audited)

	2023-24	2022-23
Total number of special payments	**23**	**31**
Total value of special payments (£'000)	**3**	**4**

There were no special payments with an individual value of more than £300k during the year (2022-23: None).

Fees and charges income (audited)

The Agency charges fees for work carried out by the Official Receivers (OR). These fees are set through legislation and are managed by the Agency in accordance with the principles of ‘Managing Public Money’, whereby fees are set to cover full costs including the cost of capital.

These fees include principally an Administration Fee, General Fee (previously the Secretary of State fee for cases prior to 2016-17), Trustee Liquidator Fee, and a Distribution Fee.

Fee / Case	Administration Fee	General Fee	Total
Debtor	£1,990	£6,000	£7,990
Creditor	£2,775	£6,000	£8,775
Company	£5,000	£6,000	£11,000

Trustee Liquidator Fee	15% of the realised value
Distribution Fee	Time & Rate based

As the Agency is unable to recover the full chargeable amount of the administration fee in many cases, resulting in shortfalls; the general fee is charged and recovered against those cases where assets are available above the amount of the administration fee. This results in a cross subsidy from cases where the general fee is paid to cases where the administration fee is not fully paid. See Notes 1(k), 1(l), and 1(n) for the accounting policies on case administration fees.

The objective of the fees is to cover the cost of the work carried out by the OR Teams. Measurement of the objective is based on the portfolio of cases received in each financial year, with any excess receipts treated as excess income due to the Consolidated Fund. During 2022-23 this objective was not achieved, as the income recognised, excluding the excess income recognised in relation to historic cases was insufficient to cover the cost of the OR service (see Note 1):

- The cost of the OR service to which fees were applicable was £51 million (2022-23: £47 million).
- The total income received from fees and recognised as income in the year was £65.7 million (2022-23: £115.1 million). Part of this was recognised in relation to historic cases and classified as payable to the Consolidated Fund, excluding these the Agency received £48 million (2022-23: £44 million).
- Cross subsidy fees (General Fee) recognised within income was £9.7 million (2022-23 £7.7 million), within the agreed netting off limit approved by HMT.
- £12.4 million (2022-23: £137 million) is due to be repaid to the Consolidated Fund. Fees received are surrendered to the Consolidated Fund when they exceed the amount we are able to retain.

There are some significant areas of judgement used in the revenue recognition for fees, these are explained in Notes 2(a), 2(b), and 2(c). For the values of fee income recognised, see Note 4, and receivable balance, see Note 9. Further details of the fees chargeable can be found in the Insolvency Proceedings (Fees) Order 2016 and the Insolvency Proceedings (Fees) (Amendment) Order 2022.

Government Functional Standards

A statement on our use of these standards can be found in the Governance Statement within the Corporate Governance Report.

Signed:

Dean Beale
Chief Executive
Date: 16 July 2024

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

Opinion on financial statements

I certify that I have audited the financial statements of the Insolvency Service for the year ended 31 March 2024 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Insolvency Service's
- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes, including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Insolvency Service's financial statements is applicable law and UK adopted international accounting standards.

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 2024 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure 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.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Insolvency Service in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Insolvency Service's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Insolvency Service's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Insolvency Service is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:
- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Insolvency Service and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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 by the Insolvency Service or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Insolvency Service from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Insolvency Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Insolvency Service will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Insolvency Service's accounting policies.
- enquired of management, the Government Internal Audit Agency and those charged with governance, including obtaining and reviewing supporting documentation relating to the Insolvency Service's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Insolvency Service's controls relating to the Insolvency Service's compliance with the Government Resources and Accounts Act 2000 and Managing Public Money;
- enquired of management, the Government Internal Audit Agency and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations; and
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Insolvency Service for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates and payments made by the Redundancy Payments Service. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Insolvency Service's framework of authority and other legal and regulatory frameworks in which the Insolvency Service operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Insolvency Service. The key laws and regulations I considered in this context included the Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2023, relevant employment law and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in response to non-compliance with laws and regulations identified, on the deduction of national insurance from payments made by the Redundancy Payments Service, I verified the estimated impact, reviewed the regularity implications and the associated disclosures made in the Accountability Report and the financial statements.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies **Date: 17 July 2024**
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

3. Financial Statements and note to the Agency’s Accounts

Statement of Comprehensive Net Expenditure

for the period ended 31 March 2024

	Note	2023-24 £'000	2022-23 £'000
Income from contracts with customers	4	(110,429)	(145,591)
Other operating income	4	(9,524)	(9,538)
Total operating income:		**(119,953)**	**(155,129)**
Staff costs	3	99,287	87,766
Redundancy payments service	3	504,849	292,369
Purchase of goods and services	3	26,048	28,379
Depreciation and impairment charges	3	6,285	8,507
Provision expense	3	5,519	287
Other operating expenditure	3	19,615	23,144
Total operating expenditure:		**661,603**	**440,452**
Net operating expenditure:		**541,650**	**285,323**
Finance expense	3	326	319
Net expenditure for the year:		**541,976**	**285,642**
Comprehensive net expenditure for the year:		**541,976**	**285,642**

The notes on pages 105 to 136 form part of these Accounts

Statement of Financial Position

as at 31 March 2024

	Note	2023-24 £'000	2022-23 £'000
Non-current assets:			
Property, plant and equipment	6	19,273	17,479
Intangible assets	7	1,874	2,258
Financial assets	9	74,699	69,967
Total non-current assets		**95,846**	**89,704**
Current assets:			
Financial assets	9	66,354	68,360
Trade receivables and other assets	9	6,089	7,147
Cash and cash equivalents	10	196,795	335,902
Total current assets		**269,238**	**411,409**
Total assets		**365,084**	**501,113**
Current liabilities:			
Trade and other payables	11	(36,887)	(168,070)
Provisions	12	(3,990)	(3,083)
Total current liabilities		**(40,877)**	**(171,153)**
Total assets less total current liabilities		**324,207**	**329,960**
Non-current liabilities:			
Trade and other payables	11	(13,420)	(11,489)
Provisions	12	(5,788)	(1,183)
Total non-current liabilities		**(19,208)**	**(12,672)**
Assets less liabilities		**304,999**	**317,288**
Taxpayers' equity:			
General fund		304,999	317,288
Total taxpayers' equity		**304,999**	**317,288**

Dean Beale
Chief Executive
Date: 16 July 2024

The notes on pages 105 to 136 form part of these Accounts

Statement of Cash Flows

for the period ended 31 March 2024

	Note	2023-24 £'000	2022-23 £'000
Cash flows from operating activities:	**Note**		
Net operating expenditure	SoCNE	(541,650)	(285,323)
Adjustments for non-cash transactions:			
Depreciation and amortisation charge	6,7	6,285	8,507
Provisions	3	5,519	287
Audit fee	3	236	240
Loss on disposal	3	-	276
Use of provisions	12	(101)	(359)
Increase in trade receivables and financial assets	9	(1,668)	(12,366)
Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure		1,356	-
(Decrease)/Increase in trade payables	11	(129,252)	66,929
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		124,718	(59,442)
Finance expense	3	(326)	(319)
Net cash outflow from operating activities		**(534,883)**	**(281,570)**
Cash flows from investing activities:			
Purchase of property, plant and equipment	6	(1,466)	-
Purchase of intangible assets	7	(627)	-
Net cash outflow from investing activities		**(2,093)**	**-**
Cash flows from financing activities:			
DBT/BEIS financing	SoCITE	80,245	68,095
VAT recovered by DBT/BEIS	SoCITE	(3,726)	(3,239)
Net funding from the National Insurance Fund		463,977	274,926
Payment of lease liabilities	13	(5,518)	(5,676)
Net cash inflow from financing activities		**534,978**	**334,106**
Net (decrease)/increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**(1,998)**	**52,536**
Payments of amounts due to the Consolidated Fund		(137,109)	-
Net (decrease)/increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		**(139,107)**	**52,536**
Cash and cash equivalents at the beginning of the period	10	**335,902**	**283,366**
Cash and cash equivalents at the end of the period	10	**196,795**	**335,902**

Statement of Changes in Taxpayers' Equity

for the period ended 31 March 2024

		General fund £'000	Total reserves £'000
Balance at 31 March 2022		**328,847**	**328,847**
Comprehensive expenditure for the year 2022-23:			
Non-cash charges - auditor's remuneration	3	240	240
Net expenditure for the year	SoCNE	(285,642)	(285,642)
BEIS financing		68,095	68,095
Income payable to the Consolidated Fund		(65,939)	(65,939)
National Insurance Fund - RPS		274,926	274,926
VAT recovered by BEIS		(3,239)	(3,239)
Balance at 31 March 2023		**317,288**	**317,288**
Comprehensive expenditure for the year 2023-24:			
Non-cash charges - auditor's remuneration	3	236	236
Net expenditure for the year	SoCNE	(541,976)	(541,976)
DBT financing		80,245	80,245
Income payable to the Consolidated Fund		(12,401)	(12,401)
National Insurance Fund - RPS		465,333	465,333
VAT recovered by DBT		(3,726)	(3,726)
Balance at 31 March 2024		**304,999**	**304,999**

The General Fund represents the total assets less liabilities of the Agency. Financing by DBT/BEIS and the National Insurance Fund is credited to the General Fund.

Notes to the Agency's Accounts

1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2023-24 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply the UK adopted 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 (the Agency) 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.

From the 1 April 2023 accounting officer responsibilities for the Insolvency Service was formally transferred to the Department for Business and Trade. This was due to an announced major machinery of government change on 7 February 2023, where the prime minister redistributed the activities of several government departments, including the Department for Business, Energy & Industrial Strategy (BEIS), and created three new departments, the Department for Business and Trade, the Department for Science, Innovation and Technology, and the Department for Energy Security and Net Zero.

The Agency is considered a going concern under International Accounting Standard (IAS) 1, on the basis that it is a Statutory Body operating under the Direction of the Courts and its funding is both underwritten by its parent Department, the Department for Business and Trade (DBT), the National Insurance Fund and HM Revenue & Customs in respect to Redundancy Payments Service (RPS), and its source of income is largely derived from the estates that it administers. Therefore it is considered appropriate for the Financial Statements to be prepared under the Going Concern basis.

Assets held under the management of the Official Receiver, which do not belong to the Insolvency Service, can be found in the separately published accounts called the 'Insolvency Services and the Insolvency Services Investment Account 2023-24'. Fees charged by the Official Receiver are included here as income.

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 endorsed by the International Accounting Standards Board (IASB) and would include:

(i) the accounting standards i.e. International Accounting Standards (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).

IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts that fall within scope of the new standard. It was formally adopted by the UK Endorsement Board (UKEB) in May 2022 and is due to come into effect for accounting periods commencing 1 January 2023; however, it will only be adopted for public sector organisation for the 2025-26 financial year. HM Treasury has now published the finalised exposure guidance and the Agency has assessed its activity and contracts to determine whether it falls within scope of IFRS 17. At present the Agency's review has found that it has no contracts which meet the definition of insurance contracts as per IFRS 17, this will remain under review until the standard comes into effect.

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) Non-current assets: property, plant and equipment

Property, Plant and Equipment (PPE) are non-current assets that are held by the Agency for use in the supply of services or for administrative purposes and are expected to be used for more than one year.

The minimum level for capitalisation of PPE is £5,000, except for leasehold improvements where the initial cost is £250,000. PPE with costs below the capitalisation threshold charged is expensed to the Statement of Comprehensive Net Expenditure (SoCNE) in the period of purchase.

In accordance with IAS 16, recognition depends on two criteria:
(i) it is probable that future economic benefits associated with the asset will flow to the Agency for more than one year; 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, including those incurred that are directly attributable to bringing the asset into use. In accordance with the FReM, the Agency has adopted depreciated historical cost as a material approximation of fair value, the useful life is a realistic reflection of the life of the asset and the depreciation method provides a realistic reflection of its consumption.

1(d) Non-current assets: intangible assets

As per IAS 38, intangible assets are identifiable non-financial 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 past events;
(ii) something from which the Agency expects future economic benefits will flow for more than one year, such as computer software;
(iii) they have an initial cost equal to or greater than £5,000, except for internally developed systems where the initial cost is equal to or greater than £250,000.

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

1(e) Depreciation and amortisation

Depreciation and amortisation are charged on PPE and intangible assets from the date they are commissioned into operational service, on a straight-line basis over the life of the asset, less any residual value expected at the end of its life. Assets under construction are not depreciated until they are commissioned into operation.

The estimated useful lives from new of the categories of non-current assets are:
Right of use assets: either the useful life or the end of the lease term
Information technology: 2 to 5 years
Plant & machinery: 2 to 15 years
Furniture & fittings: 2 to 15 years
Internally developed systems: useful life of the system from date brought into use
Software licences: 2 to 10 years

1(f) Impairments

The Agency carries out a review of its assets at each year-end to assess whether there are any indications of impairment. 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.

Where the assessed recoverable amount (or fair value) is determined to be materially less than the carrying value (being the amortised cost recorded within the SoFP) the Agency shall impair the value of the asset and recognise a corresponding expense within the SoCNE.

The Agency carried out an impairment review during the year comparing the carrying amounts of PPE and intangible assets with their recoverable amount. The carrying amount is the value in the Statement of Financial Position (SoFP) while the recoverable amount is the higher of net realisable value and value in use. If the net realisable value cannot be ascertained then the value in use is taken. There were no impairments identified.

1(g) Provisions and contingent liabilities

A provision is defined in IAS 37, as a liability of uncertain timing or of uncertain amount.

A provision is recognised in the SoFP when the Agency has a legal obligation or a valid expectation of an obligation (a constructive obligation), because of a past event and when it is probable that a payment will be required to settle that obligation at some point in the future.

In order to recognise a provision, it must also be possible to make a reliable estimate of the expenditure required to settle 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 to allow for likely changes in the value of money over time.

Each year the financing charges in the SoCNE associated with these provisions include adjustments to adjust one year’s discount so that liabilities are shown at current price levels. Current provisions are shown in Note 12.

<u>Contingent liabilities</u>

A contingent liability is defined in IAS 37 as:
(i) a possible obligation which will be confirmed by an uncertain future event that is not wholly within the control of the Agency.
(ii) an obligation that is not recognised because the amount cannot be measured with sufficient reliability or because payment is not probable.

Where the time value of money is material, disclosed contingent liabilities are stated at discounted amounts.

Current contingent liabilities are shown in Note 14.

1(h) Pensions

Pension benefits are provided through the Civil Service pension arrangements. Present and past employees are covered by the provisions of Principal Civil Service Pension Scheme (PCSPS) and the Civil Service and Others Pension Scheme (CSOPS) known as 'alpha', which is described in the Remuneration Report. These are multi-employer defined benefit schemes where we are unable to identify our share of the underlying assets and liabilities. There is also a 'partnership' pension scheme which employees can choose which is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust.

In accordance with IAS 19, the Agency does not recognise liabilities associated with these schemes, though information on the schemes in total is available in the Civil Superannuation Account 2023-24 produced by the Cabinet Office.

The Agency recognises the expected cost of providing pensions 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 and alpha. In respect of the defined contribution schemes, the Agency recognises the contributions payable for the year.

1(i) Early departure costs

The Agency, operating as part of the DBT 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.

The Agency may, in certain circumstances, settle some or all 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 elect 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 PCSPS. These costs are paid in full at the time of the exit or redundancy. Details of any early departures in the reporting year, are shown within the Remuneration & Staff Report.

1(j) Operating income

Operating income is income which relates directly to the operating activities of the Agency. It principally comprises statutory fees for case administration income, which includes an Administration Fee, General Fee (previously the Secretary of State fee for cases prior to 2016-17), Trustee Liquidator Fee and a Distribution (Time & Rate) Fee. See Note 1(k) for more information on case administration fee income.

Operating income additionally includes RPS Income, see Note 1(m), which is income recovered from companies under the redundancy payments service (RPS) operated by the Agency on behalf of HM Revenue & Customs. These are recovered and recoverable from the estates of bankrupts and companies in liquidation to which they relate.

Amounts received by the Agency under a service level agreement with HM Revenue & Customs for the administration of RPS are also treated as operating income. Operating income does not include funding received from DBT 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 expected to be received or receivable. In relation to 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 2.1%.

Income in respect of costs awarded in directors' disqualification proceedings and reported in Note 4, within the "Investigation and enforcement" balances, 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(k) Case administration fee income

Case administration income comprise the following fee components:
• Administration Fee
• General Fee
• Secretary of State Fee (cases prior to 21 July 2016)
• Trustee Liquidator Fee; and
• Distribution (Time & Rate) Fee

The fees are set through legislation and are managed by the Agency in accordance with the principles of ‘Managing Public Money’, whereby fees are set to recover full costs including the cost of capital. However, fees have not been set 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.

<u>Administration Fee</u>
Administration fees are charged to the insolvent estate at the date of insolvency. The period of performance of the Official Receiver’s duties on cases, i.e. the satisfaction of performance obligations, can vary between less than 1 month and more than 3 years for more complex cases (across multiple decades). The Agency uses reasonable estimates of activity across a 3-year period based on historic case data and recognises Administration Fee income, from the variable consideration, in accordance with these estimates. The variable consideration is the amount the Agency expects to receive in the future, rather than the legislated Administration Fee applied to the case at the date of insolvency.

<u>General Fee</u>
The General Fee is a fixed fee of £6,000 and is technically applied to all cases although it does not relate to a specific identifiable individual, service or activity. It is applied to all cases to ensure that overall, the work of the Official Receiver (OR) within the Agency covers its costs in line with ‘Managing Public Money’ principles and allow a full cost recovery. However, in cases unable to recover the Administration Fee, the General Fee will also not be recovered.

The General Fee is recognised at the date of the bankruptcy or liquidation order, as an equivalent to a taxable event within the FReM adaptation (2) for IFRS 15 and is subject to HM Treasury approval of an annual ‘netting-off’ agreement. The General Fee is not recognised within revenue recognition under IFRS 15 as it is defined as a tax and therefore the principles of contract set out in IFRS 15 (para 9) means it does not apply.

Secretary of State Fee

The Secretary of State Fee was replaced by the General Fee on 21st July 2016. Cases before this date were charged in accordance with the legislated fees order in place at the time of the petition being presented.

Trustee Liquidator Fee

The Trustee Liquidator Fee is charged (at a rate of 15% of net realisation) when assets are realised by the OR. The value of the fees to be recognised is based on a combination of actual fees recovered from realised assets and fees expected to be recovered from assets which have been identified and assessed by the OR.

Where fees relate to National Interest Cases, recognition is matched to the completion of obligations on each National Interest Case based on the input method under IFRS 15 using forecasts of the full life cost of the case. Where fees relate to business as usual cases, recognition is based on assets as and when they are realised.

Distribution (Time & Rate) Fee

At the date of a distribution to creditors the Agency can charge a Distribution (Time & Rate) Fee which is charged at legislated hourly rates. The fee is charged, paid and recognised when a distribution is made.

1(l) Revenue recognition under IFRS 15

The Agency is required to adhere to the requirements of IFRS 15 ‘Revenue from Contracts with Customers’ for the recognition of revenue within the financial statements. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

The following table shows revenue recognition for each income stream in accordance with IFRS 15. Therefore, due to their size, RPS Income and Debt Relief Order (DRO) Fee income, are also included in the table:

Income Stream	Revenue recognition – 'Five-step model' under IFRS 15				
	1. Identify the contract	2. Identify the performance obligations	3. Determine the transaction price	4. Allocate the price to the performance obligations	5. Recognise revenue as performance obligations are fulfilled
RPS Income	The claimant (ex-Employee) applies for payment under para 182 of the Employment Rights Act 1996. When the payment is made, the Agency has the right to recover that amount from the Employer under para 189 of the same Act.	The Agency has an obligation to make payments to the claimants following completion of substantive processes to validate each claim against HM Revenue & Customs rules. As soon as the payment is made, the Agency can recover from the employer.	Variable consideration is based on expected recoveries. The Agency has the right to recover the amount of payment from the employer.	Once payment is made to the ex-employee, the Agency then immediately charges the employer.	The amount recoverable from the insolvent employer is variable and dependent on insolvency proceedings, which may take several years. The amount recoverable is therefore estimated in line with historic recovery rates over time and reassessed at each year end.
Trustee Liquidator Fee	Legislated Fee	Performance of OR duties	Variable consideration based on forecast total recoveries	Measured as satisfied over time	Recognised in line with the cost of resources applied for asset realisation from cases by the OR
Administration Fee	Legislated Fee	Performance of OR duties	Variable consideration based on the expected amount to be received	Measured as satisfied over time	Recognised in line with the cost of resources applied to the processing of cases by the OR
Distribution (Time and Rate) Fee	Legislated Fee	Distribution to Creditors	Charged at legislated hourly rate	Full fee is due when a distribution is made	Recognised at the date of distribution
Debt Relief Order Fee	Legislated Fee	Granting of Debt Relief Order (48 hours after payment in 99% of cases)	Charged at legislated rate	Full fee when the relief order determined	At date of payment of the fee

1(m) Redundancy Payments Service

The Insolvency Service is responsible for the approval and processing of claims under the Redundancy Payments Service (RPS), which is financed from the National Insurance Fund (NIF). Under the Employment Rights Act 1996, redundancy payments are payable by the Secretary of State and financed from the National Insurance Fund. These payments are made to employees whose employers have failed to make payments due or who are insolvent. The Agency has a service level agreement with HM Revenue & Customs to provide this service on their behalf.

The Agency then attempts to recover these monies from two sources:
(i) insolvent recovery: the Agency becomes a creditor, receiving a dividend if there are sufficient funds in the insolvency of the employer (the majority).
(ii) solvent recovery: where money is recovered from solvent employers to meet the costs of redundancy payments made by RPS (a small proportion).

The payments are included in Expenditure (Note 3).

Repayment of RPS debt is recovered from insolvent companies, where possible, from their assets. A small part of the debt is considered preferential (see Note 1(n)) but most ranks with ordinary creditors. The recoverability of RPS varies as set out in Note 9. This means the debt will be irrecoverable in the majority of cases. Whilst we account for RPS losses on a full accruals basis, the NIF account funds the difference between payments and receipts on a cash basis, and effectively bears the loss.

RPS expenditure is recognised by the Agency when it has a present obligation to make payments to the claimants following completion of robust processes. Each claim is validated against HM Revenue & Customs rules, and the amount payable to each claimant is considered reliably measurable and probable.

During 2023-24 the Agency made payments totalling £494m (2022-23: £316m) and made cash recoveries of £29m (2022-23: £46m), a net cost of £465m (2022-23: £270m) which was funded from the NIF via HM Revenue & Customs.

Redundancy payments may be subject to income tax and both employee and employer national insurance contributions. These amounts are included in the payment totals shown.

The Agency is entitled to attempt to recover the £494m expended during the year. Of the £29m recovered during the year, only £1m related to these in-year payments, with £28m relating to payments made in previous years.

As detailed in Note 1(n), and Note 9 below, the Agency estimates future recoveries of £86m, this is based upon historic collection rates. Of these, £29m relate to payments made in 2023-24, and £56m relate to payments made in previous years.

1(n) Financial Instruments under IFRS 9
In line with the requirements of IFRS 9 Financial Instruments, the Agency has classified its case administration receivables, RPS receivables, estate account receivables and disqualification costs receivables as financial assets. These are held to collect cash flows only for principal and interest. All receivables are remeasured at each reporting date through the calculation of an expected credit loss in accordance with IFRS 9. Receivables are discounted to reflect the time value of money. The discount rate used is 2.1% (2022-23: 1.9%) which is recommended by HM Treasury to be used for financial assets.

Under IFRS 9, impairment losses are referred to as expected credit losses (ECL) and is calculated by:
(i) identifying scenarios in which a loan or receivable defaults.
(ii) estimating the cash shortfall that would be incurred in each scenario if a default were to happen,
(iii) multiplying that loss by the probability of the default happening,
(iv) Summing the results of all such possible default events.

IFRS 9 requires recognition by the Agency of impairment losses on a forward-looking basis, therefore an impairment loss is recognised before the occurrence of any credit event. The Agency recognises that every receivable has at least some probability of defaulting in the future and that every receivable has an associated ECL.

RPS Debtors
The debtors for RPS have already been declared insolvent, so any recovery is dependent on dividends paid from the insolvency which are rarely 100%. Therefore, to comply with IFRS 9 the Agency recognises the following for RPS debtors:
(i) The scenario for default has already occurred.
(ii) The estimation of shortfall is best calculated from historic collection rates for different types of debt. In this case preferential debts logically achieve greater dividends from insolvency proceedings than non-preferential debts.
(iii) The nature of insolvency recoveries mean that future economic variations have no material effects on the recovery of these debts, therefore historic trends are the best estimator of future recoveries.
(iv) The probability of default is always 100% (therefore future economic variations have no effect on the chance of default).
(v) Using a separate collection rate for preferential and non-preferential debts gives us an estimated collection for each and therefore the variable consideration based on expected recoveries.

In line with the requirements of IFRS 9, RPS debts have been grouped by the Agency into similar types, in this case preferential or non-preferential. Analysis of historic trends of recovery of these types of debts has revealed that the best estimate of recovery is 6.6% for non-preferential, and 32.7% for preferential.

Recoveries from insolvency proceedings can extend over many years and historic recoveries are used to estimate the timings of these recoveries. The value of these future cash flows is discounted in line with the guidance issued in the Public Expenditure System (PES) papers.

Case administration debtors

Case administration debtors have already been declared insolvent and therefore the recovery of fees is dependent on funds recovered from the realisation of assets. Fees are recovered before any distribution to creditors. Therefore, to comply with IFRS 9 the Agency recognises the following for case administration debtors:

(i) Analysis of historic data provides the best estimation for future recoveries of fee income.

(ii) Default estimation is based on analysis of historic data to establish the likely default rate.

(iii) Insolvent estates generally comprise a significant spread of assets, which means that future economic variations have no material effect on recoveries from estates.

(iv) The probability and impact of default is applied across the portfolio of cases managed by the Agency.

Recoveries from insolvent estates can extend over many years, and historic recoveries are again used to estimate the timings of these recoveries. The value of these future cash flows is discounted in line with PES papers.

The following table shows a summary of the IFRS 9 classification and measurement model for financial assets:

IFRS 9 Financial Instruments	Are the cash flows considered to be solely principal and interest?	What is the business model?	What is the measurement category?
RPS Income	Yes	Held to allow contractual cash flows only	Carry at amortised cost
Case administration income	Yes	Held to collect contractual cash flows only	Carry at amortised cost

1(o) Leases
At the inception of a contract, the Agency assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When a lease is recognised in a contract, the Agency recognise a right of use asset and a lease liability at the lease commencement date.

The right of use asset is initially measured at cost, which comprises the following:
(i) the initial amount of the lease liability adjusted for any lease prepayments made at or before the commencement date,
(ii) plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located,
(iii) less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant, and equipment. See Note 1(e).

The lease liability is initially measured at the present value of the lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an HM Treasury issued discount rate for leases. Rental payments include forecast inflation in line with HM Treasury guidance in place when the Agency adopted IFRS 16 on 1 April 2021. With any termination options having been assessed for evidence they may be exercised either by the Agency or by the lessor, and if not the future lease payments past the option are also included in the liability. The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in our assessment of whether we will exercise a purchase, extension or termination option.

In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Right of use assets are presented in property, plant and equipment (Note 6) and leased liabilities within other liabilities (Note 11) and the lease note (Note 13) below.

The Agency has applied the recognition exemption of low value leases (less than £5,000) and short-term leases (duration less than 12 months). For these leases, the lease payments are charged to the SoCNE on a straight-line basis over the lease term.

1(p) Value Added Tax (VAT)

The Insolvency Service is covered under the VAT registration of DBT, 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 VAT on expenditure is included in either VAT receivables (Note 9) or VAT payables (Note 11).

1(q) Cash and cash equivalents

Cash comprises cash at bank and cash equivalents. Cash at bank includes RPS cash held separately to Agency funds. The cash equivalent balance is cash received by the Agency from fees charged by the Official Receivers, and which is still held by the Official Receiver. Part of this balance is held in a bank account, and part is held in an investment account with the Commissioners for the Reduction of the National Debt (CRND), as required by legislation. The amounts held in both accounts can be drawn down on demand, and are transferred to the Agency bank account on a regular basis. For cash at bank, any bank overdraft amounts are included within trade payables and other liabilities.

2 Significant areas of judgement

2(a) Case administration revenue recognition

The performance of Official Receivers' duties gives rise to case administration income and assets, which the Agency has the right to recognise.

The Agency measures this by reference to an average casework profile (one for personal bankruptcies and one for company liquidation 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 4).

The following assumptions are made in respect of when work is performed:
(i) the work undertaken on cases is front loaded i.e. a large proportion of work is undertaken within the first six months.
(ii) most of the work undertaken by Official Receivers will be completed within three years.

The volume of cases received in 2023-24 remains significantly impacted by post Covid-19 impacts and other economic factors resulting in a proportionate reduction in recognised income from case administration fees.

Further details on revenue recognition can be found in Notes 1(j), 1(k), 1(l) and 9.

2(b) Forecasting assumptions of recognised income

The Agency's income forecasts are based on assumptions of future fee recoveries using income models and the analysis of historical trends to produce forecasts of both the value and timing of future cash flows. 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 following judgements are applied to case administration income:
(i) historic recoveries are a reasonable basis for future recovery expectations.
(ii) long-term realisations will include a wide range of assets, which provides a diverse base for realisations, which helps mitigate the potential for specific economic impacts to materially affect case administration income.
(iii) material estimation regarding future recoveries of RPS expenditure.

2(c) Case administration receivables

The Agency makes accounting estimates and judgments regarding the recoverability of its case administration receivables (Note 9) and these are subjected to regular review and adjustment.

The measurement of case administration receivables is based on the analysis of past trends of actual recoveries and a review of current asset levels in insolvency cases. Asset values can be affected by several economic factors e.g. property prices, employment rates and types of assets; which determine the proportion of cases that have realisable assets, which then impacts on the case administration fees. Additionally, judgement is also applied to determine the timing of case administration receivables.

2(d) Redundancy Payments Service receivable

There is uncertainty in the estimate of the amount to be realised by the Agency from sale of assets of insolvent employers. This estimate is based on historic recovery data. In line with IFRS 9, RPS debts have been grouped into similar types, in this case preferential or non-preferential claims against the insolvency. Analysis of historic trends of recovery of these types of debts has revealed that the best estimate of recovery is 6.6% for non-preferential, and 32.7% for preferential.

2(e) Trustee Liquidator fees

Recognition of revenue in respect of Trustee Liquidator fees on National Interest Cases is calculated as a proportion of the expected lifetime revenue for each case. The expected lifetime revenue is based on estimates provided by court appointed Special Managers. The proportion to be recognised in each financial year is the proportion of completion of the performance obligation based on costs incurred to date compared to anticipated total forecast costs. In line with IFRS 15, the cumulative revenue is only recognised to the extent that it is highly probable that a significant reversal would not occur. Forecast total revenue and forecast total costs on a case are subject to management judgement. Each case must be considered individually, as recognisable income and costs incurred are highly variable between different cases depending on the asset realisation potential. There is the potential for additional income to be recognised in relation to future asset realisations; but where it is not currently deemed possible or highly probable that they will occur we have not recognised that income. The value of these potential realisations could be material to the financial statements and if successfully realised may result in significant additional income in future years.

3 Expenditure

	2023-24	2022-23
	£'000	**£'000**
Redundancy payments service[1]	504,849	292,369
Staff Costs:		
Wages and salaries	76,452	66,912
Social security costs	6,644	6,071
Other pension costs	16,014	14,894
Voluntary and Compulsory Redundancy payments	267	-
Less recoveries in respect of outward secondments	(90)	(111)
Purchase of goods and services:		
IT infrastructure expenses	22,809	25,713
General administrative expenses	1,881	1,655
Travel and subsistence	1,358	1,011
Other operating expenditure:		
Legal and other costs of investigation and enforcement	8,652	13,763
Accommodation costs	4,995	5,245
Staffing and training costs	3,116	2,290
Other costs	3,214	1,521
Non-cash items:		
Audit fee[2]	236	240
Expected credit losses	158	408
Loss on disposal of non-current assets	-	276
Case administration - unwind discounting of receivables for fees	(756)	(599)
Finance costs	326	319
Other non-cash items:		
Depreciation and amortisation	6,285	8,507
Provisions	5,519	287
Total expenditure	**661,929**	**440,771**

[1] The increase in RPS expenditure is driven by an increase in the volume of redundancy claims.

[2] The £236k audit fee includes £198k (2022-23: £210k) for the year end external audit of these Accounts, as well as £38k (2022-23: £30k) to audit the Insolvency Services Account.

Redundancy Payments Service
The Agency is responsible for the approval and processing of claims under the RPS, which is financed from the National Insurance Fund (NIF). Redundancy payments are made by the Agency to employees whose employers have failed to make payments due or who were insolvent. The associated expenditure is paid on behalf of HM Revenue & Customs.

There is associated income arising from two sources:
(a) solvent recovery: where monies are recovered for the NIF 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: the Agency becomes a creditor of the insolvent company in place of the employee and receives a dividend if there are sufficient funds to make a payment to creditors in the winding-up of the company.

Expenditure in respect of RPS is funded by the NIF who re-imburse the Agency on a daily basis for the claims paid out.

Most of the payments made are in respect of employees of insolvent companies and therefore most of the debt is unrecoverable. However, a small proportion (13%) of the debt is assessed as preferential, and has a higher recovery rate.

4 Income

	2023-24	2022-23
	£'000	£'000
Income from contracts with customers:		
Insolvency case administration:[1]		
Case administration income (pre-2016-17)[2]	19,857	69,310
Case administration income (post-2016-17):		
Administration fee	18,494	12,919
General fee[3]	9,746	7,711
Distribution (time and rate) fee	320	246
Trustee liquidator fee - national interest cases[4]	7,000	16,165
Trustee liquidator fee - business as usual	4,960	3,387
RPS recoveries[5]	39,813	28,507
Debt relief order administration fee	2,969	2,198
Investigation and enforcement:		
Civil recoveries	4,450	1,447
Criminal recoveries	270	234
Individual voluntary arrangements and deeds of arrangements	936	1,276
Regulation of insolvency practitioners	830	821
Rental income	341	805
Online Debt Solutions	806	730
Estates accounts	639	589
Miscellaneous income	1	1
Discounting costs	(1,003)	(756)
Other operating income:		
Redundancy payments administration[6]	9,524	9,538
Total income	**119,953**	**155,129**

[1] Overall case administration has decreased from £110m to £60m with the principal movements, which are not due to be surrendered to the Consolidated Fund, being an increase in Administration Fees of £5.6m, and Trustee Liquidator fees on National Interest Cases having reduced by £9m due to lower activity on the highest impact cases.

[2] The Case administration income (pre-2016-17) reduced from £69 to £20m due to fees on the cash settlement of historic Payment Protection Insurance (PPI) claims on insolvent estates where performance obligations were substantially satisfied and could be recognised as income upon receipt. In 2023-24 this total is £11.8m (2022-23: £61.2m).

[3] 'Managing Public Money' treats the General Fee as a tax however we are including this under income from contracts with customers as it represents part of the Insolvency case administration and retention has been agreed with HM Treasury.

[4] The Trustee Liquidator fee for National Interest Cases includes £0.6m (2022-23: £4.7m) in fees which is due to be surrendered to the Consolidated Fund.

[5] The income recognised for RPS was £39.8m, which includes £1.1m of cash receipts in year, and £38.7m of estimated future recoveries. RPS recoveries are from solvent companies, or via recovery through administration or liquidation process for insolvent companies.

[6] Redundancy payments administration income is money received from HM Revenue & Customs to support the Agency in running the scheme which is funded via the NIF.

5 Segmental reporting

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 2006 and are considered for segmental purposes to be one single class of business.

The following information on the main funding activities of the Agency constitutes segmental reporting under IFRS 8, Operating Segments. Costs and income are reported to senior management monthly; the year-end figures are reported below. The SoFP is not reported to senior management so is not included below. Figures showing DBT and HM Revenue & Customs funding amounts can be found in the Statement of Changes in Taxpayers' Equity (SoCITE) as funding is accounted through reserves rather than income.

	Income		**Cost of service**		**Surplus/(deficit)**	
	2023-24	2022-23	**2023-24**	2022-23	**2023-24**	2022-23
Activities funded from:	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
DBT/BEIS financing	4,841	1,954	79,180	81,469	(74,339)	(79,515)
Fees	53,347	49,132	63,263	58,055	(9,916)	(8,923)
Fees (excess income)[1]	12,401	65,939	-	-	12,401	65,939
HM Revenue & Customs for RPS administration	9,551	9,597	9,474	8,878	77	719
HM Revenue & Customs for redundancy payments	39,813	28,507	510,012	292,369	(470,199)	(263,862)
Total of all activities	**119,953**	**155,129**	**661,929**	**440,771**	**(541,976)**	**(285,642)**

[1] The Fees (excess income) is a result of fees on the cash settlement of historic PPI claims on insolvent estates where performance obligations were substantially satisfied and have therefore been recognised as income upon receipt, as well as from National Interest Cases. This income is surrendered to the Consolidated Fund.

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

6 Property, plant and equipment

2023-24

	Right of Use	Information Technology	Plant & Machinery	Furniture & Fittings	Assets Under Construction	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or valuation						
At 1 April 2023	25,317	-	-	5,998	-	**31,315**
Additions	3,256	-	-	1,906	-	**5,162**
Disposals	(1,700)	-	-	(272)	-	**(1,972)**
Remeasurement	1,965	-	-	-	-	**1,965**
At 31 March 2024	**28,838**	**-**	**-**	**7,632**	**-**	**36,470**
Depreciation						
At 1 April 2023	10,905	-	-	2,931	-	**13,836**
Charged in year	4,347	-	-	986	-	**5,333**
Disposals	(1,700)	-	-	(272)	-	**(1,972)**
At 31 March 2024	**13,552**	**-**	**-**	**3,645**	**-**	**17,197**
Carrying value at 31 March 2024	**15,286**	**-**	**-**	**3,987**	**-**	**19,273**
Asset financing:						
Owned	15,286	-	-	3,987	-	**19,273**
Carrying value at 31 March 2024	**15,286**	**-**	**-**	**3,987**	**-**	**19,273**

2022-23

	Right of Use	Information Technology	Plant & Machinery	Furniture & Fittings	Assets Under Construction	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or valuation						
At 1 April 2022	27,230	187	1,068	5,085	1,002	**34,572**
Additions	1,658	-	-	-	-	**1,658**
Disposals	(1,032)	(187)	(1,068)	(89)	-	**(2,376)**
Reclassifications	-	-	-	1,002	(1,002)	-
Remeasurement	(2,539)	-	-	-	-	**(2,539)**
At 31 March 2023	**25,317**	**-**	**-**	**5,998**	**-**	**31,315**
Depreciation						
At 1 April 2022	5,786	171	570	2,006	-	**8,533**
Charged in year	6,151	16	223	1,014	-	**7,404**
Disposals	(1,032)	(187)	(793)	(89)	-	**(2,101)**
At 31 March 2023	**10,905**	**-**	**-**	**2,931**	**-**	**13,836**
Carrying value at 31 March 2023	**14,412**	**-**	**-**	**3,067**	**-**	**17,479**
Asset financing:						
Owned	14,412	-	-	3,067	-	**17,479**
Carrying value at 31 March 2023	**14,412**	**-**	**-**	**3,067**	**-**	**17,479**

7 Intangible assets

2023-24

	Software Licences	Internally Developed System	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2023	1,094	15,971	59	**17,124**
Additions	-	-	568	**568**
Disposals	(1,094)	-	-	**(1,094)**
At 31 March 2024	**-**	**15,971**	**627**	**16,598**
Amortisation				
At 1 April 2023	803	14,063	-	**14,866**
Charged in year	291	661	-	**952**
Disposals	(1,094)	-	-	**(1,094)**
At 31 March 2024	**-**	**14,724**	**-**	**14,724**
Carrying value at 31 March 2024	**-**	**1,247**	**627**	**1,874**
Asset financing:				
Owned	-	1,247	627	**1,874**
Carrying value at 31 March 2024	**-**	**1,247**	**627**	**1,874**

2022-23

	Software Licences £'000	Internally Developed System £'000	Assets Under Construction £'000	Total £'000
Cost or valuation				
At 1 April 2022	1,094	15,971	-	**17,065**
Additions	-	-	59	**59**
At 31 March 2023	**1,094**	**15,971**	**59**	**17,124**
Amortisation				
At 1 April 2022	366	13,397	-	**13,763**
Charged in year	437	666	-	**1,103**
At 31 March 2023	**803**	**14,063**	**-**	**14,866**
Carrying value at 31 March 2023	**291**	**1,908**	**59**	**2,258**
Asset financing:				
Owned	291	1,908	59	**2,258**
Carrying value at 31 March 2023	**291**	**1,908**	**59**	**2,258**

8 Financial instruments

The Agency has classified its case administration fee receivables and RPS receivables as financial assets within the scope of IFRS 9 Financial Instruments.

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 realised in an insolvent estate.

Due to the nature of RPS receivables, the vast majority is not actually recovered. RPS recoveries are also dependant on assets realised from insolvencies, hence any actual recoveries are achieved over many years. While these receivables appear to play a significant medium to long-term role in the financial risk profile of the Agency, any losses, including inflation rate risks, are underwritten by the National Insurance Fund (See Note 16).

The cash requirements of the Agency are met through the government annual estimates process. Most financial instruments relate to contracts to buy non-financial items in line with the Agency’s expected purchase and usage requirements and the Agency has therefore minimised exposure to credit, liquidity or market risks.

Financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The value of a financial instrument will fluctuate due to changes in market interest rates. The Agency discounts its financial assets at the nominal rate determined by HM Treasury for financial assets, currently 2.1% (2022-23: 1.9%). Accounting estimates and judgements regarding the recoverability of receivables are disclosed within Note 2.

9 Trade receivables, financial and other assets

	2023-24 £'000	2022-23 £'000
Amounts falling due within one year:		
Financial assets		
Receivables for fees - case administration	32,761	33,210
Receivables for disqualification costs	221	374
Receivables for redundancy payments service	33,372	34,776
Total financial assets	**66,354**	**68,360**
Trade receivables and other assets		
Prepayments	3,757	3,093
VAT receivables	1,002	1,112
NIF receivables	219	2,039
Trade receivables	1,065	859
Employee receivables	46	44
Total trade receivables and other assets	**6,089**	**7,147**
Total amounts falling due within one year	**72,443**	**75,507**
Amounts falling due after more than one year:		
Financial assets		
Receivables for fees - case administration	19,800	19,760
Receivables for disqualification costs	2,325	1,758
Receivables for redundancy payments service	52,574	48,449
Total financial assets	**74,699**	**69,967**
Total amounts falling due after more than one year	**74,699**	**69,967**
Total receivables, financial and other assets	**147,142**	**145,474**

The RPS receivable is shown at estimated recoverable value. This is calculated by the Agency using a model which is approved by HM Revenue & Customs. The model calculates the recoverable debt as £86m as at 31 March 2024 of which current debt is £33m and £53m is non-current (2022-23: £83m of which £35m is current and £48m non-current). As detailed in Note 1(m), 1(n) and 2(d), debtors have been grouped; estimated recoveries have been based upon historic performance. Total preferential debt as at 31 March 2024 was £29m (2022-23: £28m), and total non-preferential debt was £56m (2022-23: £52m).

Included within the above figures are receivables for case administration fees £32.8m (2022-23: £33.2m) for amounts expected to be recovered within one year and £19.8m (2022-23: £19.8m) for case administration fees expected to be recovered in more than one year. These represent sums recoverable by the Agency for case administration work undertaken, but not yet received.

The costs to the Agency of administering personal bankruptcies and company liquidations are reflected in the charging of case administration fees. Case administration fees comprise the following individual fees charged to a case in the following order, Trustee Liquidator Fee, Administration Fee, General Fee and a Distribution (Time & Rate) Fee.

In practice, the Agency recovers its fees in part through the receipt of a deposit with the balance of fees applied to the case being met as assets are realised. Actual cash recoveries from asset realisations lag income recognised in the accounts and the difference between the two is therefore reported as a receivable.

Not all cases have sufficient assets to cover the fees due. The Agency has sought to mitigate the risks of under-recovery through aligning fees charged, to realisable assets and to ensure that the cost of the service is borne by users of the service.

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

The determination of future fee recovery 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 to assess overall fee recoveries.

The main forecasting uncertainties are:

- the pattern and period over which assets will be realised to fund fee recoveries;
- the average realisable value of assets of estates entering bankruptcy or liquidation.

The risk to fee recovery which might arise from impairment to the portfolio of assets has been subject to sensitivity testing, which estimated a <2.3% impact on fees from a 5% impairment and a <4.7% impact on fees from a 10% impairment. The wide range of assets within the portfolio mitigates the likelihood of any impact on the overall value of assets.

10 Cash and cash equivalents

	2023-24	2022-23
	£'000	£'000
Balance at 1 April	335,902	283,366
Net change in cash and cash equivalent balances	(139,107)	52,536
Balance at 31 March	**196,795**	**335,902**
The following balances at 31 March were held at:		
Government banking service (ISA account)	186,297	305,656
Government banking service	10,498	30,246
Balance at 31 March	**196,795**	**335,902**

Cash comprises cash at bank of £10m (2022-23: £30m) and a cash equivalent balance of £186m (2022-23: £306m). The cash equivalent balance is made up of cash received from fees charged during the normal course of Official Receiver's activities, which is held by the Official Receiver. Part of this balance is held in a bank account, part is held in an investment account with the Commissioners for the Reduction of the National Debt (CRND), as required by legislation, and part relates to balances which can be drawn down on cases indemnified by government departments or the Consolidated Fund. The amounts held in both accounts is drawn down on demand and transferred to the Agency’s bank account on a regular basis.

11 Trade payables and other liabilities

	2023-24	2022-23
	£'000	£'000
Amounts falling due within one year:		
Payables	3,802	3,265
Accruals[1]	11,357	11,862
Due to the Consolidated Fund	12,401	137,109
Deferred fee income	2,913	7,396
Lease liabilities	3,352	5,464
Accrued employee benefits	3,062	2,974
Total	**36,887**	**168,070**
Amounts falling due after one year:		
Lease liabilities	13,420	11,489
Total	**13,420**	**11,489**
Total payables and other liabilities	**50,307**	**179,559**

[1] Accruals made in 2023-24 for expenditure relating to the year but not yet paid total £11.4m (2022-23: £11.9m). Notable items include £4.9m in relation to staff costs, £2.9m for IT expenditure; and £1m for accommodation costs.

[2] The 'Due to the Consolidated Fund' balance has reduced by £124.7m as the Agency paid £137.1m to the Consolidated Fund in 2023-24. This was due to fees on the cash settlement of historic PPI claims on insolvent estates where performance obligations were substantially satisfied, as well as from National Interest Cases.

12 Provisions for liabilities and charges

2023-24

	Lease dilapidations £'000	Other £'000	Total £'000
Balance at 1 April 2023	1,813	2,453	4,266
Provided in the year	163	5,446	5,609
Provisions utilised in the year	(56)	(45)	(101)
Provisions not required written back	(50)	(21)	(71)
Borrowing costs (unwinding of discount)	75	-	75
Balance at 31 March 2024	**1,945**	**7,833**	**9,778**
Analysis of expected timing of discounted flows			
Not later than one year	1,320	2,670	3,990
Later than one year and not later than five years	174	5,163	5,337
Later than five years	451	-	451
Balance at 31 March 2024	**1,945**	**7,833**	**9,778**

2022-23

	Lease dilapidations £'000	Other £'000	Total £'000
Balance at 1 April 2022	3,878	460	4,338
Provided in the year	-	2,453	2,453
Provisions utilised in the year	(9)	(350)	(359)
Provisions not required written back	(2,176)	(110)	(2,286)
Borrowing costs (unwinding of discount)	120	-	120
Balance at 31 March 2023	**1,813**	**2,453**	**4,266**
Analysis of expected timing of discounted flows			
Not later than one year	630	2,453	3,083
Later than one year and not later than five years	734	-	734
Later than five years	449	-	449
Balance at 31 March 2023	**1,813**	**2,453**	**4,266**

The Agency operates from a number of sites across the UK. Leases for buildings require payments of dilapidations on termination of the lease and exit of the building. Therefore, the Agency holds provisions for anticipated future dilapidation costs (which represents the estimated cost of making good the infrastructure of the leases, under the lease terms). As at 31 March 2024 the Agency holds provisions for dilapidations for 20 locations (2022-23: 20).

Included within the 2023-24 other provisions balance is £5.16m relating to the estimated cumulative over-deductions of National Insurance on Redundancy Payments, for further details please see the disclosure within the Governance Statement.

All amounts provided for in the year and all provisions not required and written back are recorded as non-cash costs (Note 3).

13 Lease Liabilities

Total future minimum lease payments under IFRS 16 leases are given in the tables below for each of the following periods.

	2023-24	2022-23
	£'000	£'000
Balance at 1 April	16,953	23,307
Additions	3,163	1,658
Payments	(5,518)	(5,676)
Remeasurement	1,965	(2,539)
Borrowing costs (unwinding of discount)	209	203
Balance at 31 March	**16,772**	**16,953**

The Agency's significant leasing arrangements relate to buildings that we occupy, either on standard commercial bases or through government Memorandum of Terms of Occupation (MOTO) agreements. There are no leases with contingent amounts, purchase options or dividend clauses.

The lease liability includes £737.9k of forecast inflation included in line with HM Treasury guidance when the Agency adopted IFRS 16 on 1 April 2021.

Obligations under leases for the following periods comprise:	**2023-24**	**2022-23**
Buildings	**£'000**	**£'000**
Not later than one year	3,620	5,541
Later than one year and not later than five years	11,670	9,420
Later than five years	2,670	3,096
	17,960	**18,057**
Less interest element[1]	(1,188)	(1,104)
Present value of obligations	**16,772**	**16,953**
Current	3,352	5,464
Non-current	13,420	11,489
Total	**16,772**	**16,953**

[1] The lease liability is measured at the present value of the lease payments, discounted using the HM Treasury issued discount rate for leases at the time of commencement or at the latest remeasurement point. For more information see note 1(o).

14 Contingent liabilities disclosed under IAS 37

As per Note 1(g), we have carried out assessments of potential contingent liabilities.

Following the enactment of the Cheques Act 1992, the Secretary of State 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.

Due to the nature of the work undertaken by the Agency, there are a number of ongoing legal cases giving rise to contingent liabilities. The legal cases included as contingent liabilities all relate to either present obligations or probable obligations where reliable estimates cannot be made or possible obligations where the Agency has issued civil proceedings through the courts, and the outcome is dependent on court rulings and findings not wholly within the Agency’s control.

The Agency has 59 contingent liabilities relating to defended cases where it is possible but not probable that payment may be made in the future. The aggregate value of these cases has been estimated using a standard multiplier based on historic trend and is estimated at £5.2m. Further details of these cases cannot be disclosed, as in accordance with IAS 37.92, the Agency considers that further disclosure for any contingent liability connected to legal proceedings could seriously prejudice ongoing litigation.

15 Related party transactions

The Insolvency Service is an executive agency of DBT. DBT is regarded as a related party. During the year there have been various material transactions with DBT and with other entities for which the department is regarded as the parent.

There have also been various material transactions with other government departments and other central government bodies. Most of these transactions have been with the Government Legal Department and HM Revenue & Customs.

None of the Board Members, key managerial employees or other related parties has undertaken any material transactions with the Agency during the year.

The compensation of key management personnel is set out in the Remuneration and Staff Report.

16 Financial exposure

IAS 32 and IFRS 9 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.

Redundancy payments service risk

Our RPS receivables disclosed in Note 9 are paid over to the National Insurance Fund and do not impact the Agency's financial risk profile. This is because the cost associated with non-recovery (for example the cost of debt being written off) will be met by the National Insurance Fund. The administration income shown in Note 4 is the income received by the Agency for the administration of the service.

RPS receivables can be collected over a period of many years, and as such are subject to inflationary risk to their value over time. As such these debts are discounted in line with prescribed HM Treasury rates. This rate varies from 1.80% to 3.60% (2022-23: 0.60% to 7.40%) based on the age of the debts.

Interest rate risk

The Agency's case administration receivables are financial assets in that there is a 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 recognises that its case administration receivables play a significant medium to long-term role in the financial risk profile. To reflect that risk, we apply a discount rate determined by HM Treasury to our financial assets. This rate is currently 2.1% (2022-23: 1.9%). We consider this an appropriate way to reflect that risk.

Liquidity and foreign currency risk

The Agency has exposure to liquidity risks due to the actual timing of the recoveries of the case administration receivables. This risk is managed by the provision of inter-entity cash funding from DBT which allows the Agency to retain inter-entity balances to meet cash flow requirements.

The Insolvency Service has no exposure with regards to foreign currency risk as all transactions are Pound Sterling (GBP).

17 Third party cash

DRO pre-application fees

Debt Relief Orders (DRO) were developed as an alternative to a person becoming bankrupt, suitable for those who cannot raise the required deposit to begin official bankruptcy proceedings. An application form must be completed and a fee of £90 be paid in order to be considered for a DRO by the Official Receiver.

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, 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) and shown as income (Note 4). The current value of the income received (including an accrual for amounts due but not yet transferred) was £3.0m (2022-23: £2.2m). The DRO bank account held £1.1m as at 31 March (2022-23: £1.1m).

As reported in the Performance Report, on the 6 March 2024 the Chancellor of the Exchequer announced in the budget to the House of Commons that the £90 fee would be removed from 6 April 2024.

Online Debt Solutions fees

The Online Debt Solutions (ODS) is a way for bankruptcy applicants to submit their application electronically. The cost of going bankrupt online is £680. This is made up of a £130 adjudicator fee and a £550 bankruptcy deposit. This can be paid in instalments and this money is held separately until it is paid in full, when it is then transferred into the ISA. This ODS bank account held £792k as at 31 March (2022-23: £735k).

Compensation Orders

Compensation orders aim to make directors financially account for the consequences of their unfit conduct. The Insolvency Service can apply to the court for a compensation order on behalf of the Secretary of State. Where an order is made the compensation is paid into a bank account held by the Agency for distribution to a creditor or a class of creditors as a contribution to the assets of the company. The compensation orders bank account held £788k as at 31 March (2022-23: £163k).

18 Events after the reporting period date

There have been no events after the SoFP 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.

ISBN 978-1-5286-5029-8
E03151952 07/24