The Insolvency Service

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Annual Report and Accounts 2024-25

HC 1066

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For the period 1 April 2024 to 31 March 2025

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Performance Report

Chief Executive's Foreword

Our customers are at the heart of everything we do

As the Interim Chief Executive of the Insolvency Service, I am proud to present our Annual Report and Accounts for the year 2024-25. Our agency supports businesses and citizens, aligning our efforts with the UK Government's mission to kickstart economic growth, deliver economic stability, and improve prosperity in the UK. This year's Annual Report highlights our dedication to enhancing the customer experience, demonstrating how our initiatives are designed to benefit those we serve while maintaining our commitment to excellence.

Over the past year, we have made significant strides in improving our services and delivering value to our customers. Our commitment to excellence is reflected in our 83% Customer Satisfaction Score. This achievement is a result of our dedication to meeting the needs of our customers and continuously enhancing their experience with us.

One of our main accomplishments this year has been implementing changes to Debt Relief Orders

(DROs) including abolishing the £90 administration fee. We recognised that this fee was a barrier for some individuals in managing their debts. By removing it, we took a substantial step forward in supporting those most in need, providing them with sustainable solutions. This change is one example of our commitment to supporting individuals in financial distress. As a result of these changes, DROs increased this year to 45,917 a substantial increase of 41% from the previous year.

Our Official Receivers have handled 10,817 new insolvency cases this year and we have returned £57.5 million to the economy through distributions to creditors and debtors.

The Redundancy Payments Service has been a lifeline for individuals affected by the insolvency of their employers. This year, we processed 69,237 redundancy-related payments in an average of 11.2 days. This swift response has provided much-needed support to those who have lost their jobs through no fault of their own.

We remain committed to tackling financial wrongdoing and ensuring economic confidence. This year, we have completed 169 criminal prosecutions, undertaken 133 live company investigations, and disqualified 1,037 directors for misconduct. These efforts are crucial in maintaining the integrity of our financial system and protecting the interests of our customers.

Our personal insolvency regime continues to evolve, offering greater flexibility and support to those facing financial difficulties. The Breathing Space scheme provided legal protections from creditor action for up to 60 days to 88,568 individuals this year, including 1,259 for people in a mental health crisis. This initiative has been instrumental in giving people the time and space they need to address their financial challenges.

Additionally, our adoption of electronic signatures has significantly improved our agency's operational efficiency. Now, 80% of bankruptcy packs are signed and returned within an average of four days, which is over six weeks faster than before. The DocuSign initiative has ensured that even our most vulnerable customers can easily sign documents they previously struggled with, providing them with a more secure and reassuring process.

This success stems from an idea proposed by one of our people and highlights the strengthened culture of continuous improvement within our agency. Continuous improvement training was delivered to 94 delegates in 2024-25.

As we enter the final year of our agency’s five-year strategy, we are excited to reflect on our achievements and look forward to the future. We have already started developing our next strategy, building on what we've learned and achieved. Our commitment to our customers remains at the heart of everything we do. We will continue to innovate and adapt our services to meet the evolving needs of those we serve. By leveraging new technologies, enhancing our processes, and fostering a culture of continuous improvement, we aim to make significant strides as an agency.

Together, we will build on our successes and work towards a future where our services provide even greater support and value to our customers.

Alec Pybus, Interim Chief Executive

Performance Overview

This report is designed to give an overview of the activities and performance of the Insolvency Service, 'our agency', during 2024-25. 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), based in 13 locations across Great Britain. DBT retains financial and operational supervision over the work we do and approves our strategies and budgets.

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 our 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 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 or 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. We are the primary agency supporting the reform of Companies House, taking civil and criminal enforcement action under the new Economic Crime and Corporate Transparency Act 2023 offences. We support the integrity of the company register by prosecuting directors who fail in their responsibilities to the registrar and who use limited companies as vehicles to facilitate economic crime.

Our Redundancy Payments Service makes sure people receive redundancy pay from the National Insurance Fund 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.

Performance Highlights (1 April 2024 - 31 March 2025)

83%
Customer Satisfaction Score

£57.5m
Returned to the Economy

10,817
Insolvency Cases Handled

69,237
Redundancy Payments

11.2 Days
Average Redundancy Payment Processing Time

45,917
Debt Relief Orders

133
Company Investigations

169
Criminal Prosecutions

1,037
Directors Disqualified

88,568
Breathing Space Applications

1,259
Of which, People in a Mental Health Crisis

94
Colleagues Completed Continuous Improvement Training

Performance Analysis

This Annual Report and Accounts sets out our agency's performance and achievements for, the delivery of objectives in our Annual Plan 2024-25.

Theme 1: Strengthen our system regulation and improve the insolvency framework

Our vision is for the Insolvency Service to be at the centre of a fair, efficient, and effective insolvency system that is a global leader in insolvency solutions for citizens and businesses, underpinned and supported by a profession that is recognised for the highest professional, technical, and ethical standards when carrying out its work.

Our ongoing multi-year research concerning confidence in the regime has indicated that stakeholders and customers are largely confident in the insolvency regime and that they agree it plays a vital and effective role in promoting economic stability and growth. We will continue to work with our stakeholders to ensure that their views are heard and that **our customers' needs are at the forefront of our decision-making.**

Objective	**Status**	**Commentary**
Subject to ministerial agreement, consult on personal insolvency reforms	In Progress	Consultation in 2024-25 included four stakeholder workshops chaired by leading academics in the field. Written reports were circulated for comment.
Take forward the implementation of two UNCITRAL[1] model laws into UK insolvency legislation which covers corporate group insolvencies and recognition of insolvency judgements from other jurisdictions	In Progress	Work is continuing to implement the two model laws, in line with previous Government commitments. Stakeholder engagement, including with the Devolved Administrations, is ongoing.
Work with the recognised professional bodies that regulate the insolvency profession to implement the Government's decisions on reforming Insolvency Practitioner Regulation, developing the regulation of firms that provide insolvency services, standard setting, and ways to build greater consistency of regulatory functions and outcomes	In Progress	We have held a series of forums with the recognised professional bodies to inform, refine, and aid the implementation of these upcoming reforms to the regulatory framework. We have also implemented a package of improvements to the bonding framework for Insolvency Practitioners.
Undertake a review of the Directors' Disqualification Regime with the aim of modernising and simplifying it in order to increase its deterrent effect and to encourage better corporate behaviour	Complete	The review is complete and has identified that there is potential to improve the efficiency and effectiveness of the current regime. The next stage will be to seek the views of stakeholders.

[1] United Nations Commission on International Trade Law

Personal Insolvency Review

A Debt Relief Order (DRO) is a formal debt solution that is aimed at helping the most financially vulnerable. It allows for debt write off and a fresh start whilst imposing some restrictions for its 12-month duration. DROs are suitable for people who have little or no spare income to pay off their debts and who have few if any assets.

Changes to DROs to help more people in debt were announced in the 2024 Spring Budget. The changes were:

- The £90 administration fee to obtain a DRO was abolished in April 2024
- The total amount of debt covered by a DRO was raised from £30,000 to £50,000 in June 2024
- The value of the vehicle a person can own when they enter a DRO was also increased £2,000 to £4,000 in June 2024

As a result of these changes, DROs increased in 2024-25 to 45,917 which is a substantial increase from 32,514 the year prior; an increase of 41%. Internal analysis found the abolition of the £90 administration fee to obtain a DRO led to a significant increase in DRO applications.

This analysis also found the changes to eligibility criteria led to a further small increase in DRO applications. We are continuing to develop longer-term structural changes to the personal insolvency regime in consultation with experts and other interested parties. As part of that, during the year four stakeholder workshops were chaired by leading academics in the field. Reports from the workshops were circulated and discussed with stakeholders.

IVA Research

Individual Voluntary Arrangements (IVAs) are a form of debt relief under the Insolvency Act 1986 that are available in England, Wales and Northern Ireland. They allow an individual to come to a binding arrangement with their creditors, to pay off some or all their debt, generally over a period of five years. IVAs can work well for many, but if an IVA is unsuitable, it can leave consumers struggling with their household budget, being in debt for longer, or even acquiring more debt to make IVA payments.

In October 2024, we published a research report into concerns about take-on practices for IVAs.

This important research provides a helpful evidence base, highlighting areas of improvement that IVA providers can take forward to ensure consistent, accurate and high-quality practice in setting up IVAs.

The research report set out that there are a number of areas in which improvements are needed. These include income and expenditure assessments, the accuracy of information given about alternative solutions, and procedures in relation to vulnerable consumers.

Addressing poor practice has been a particular focus of previous action by our agency, working with partners such as the Financial Conduct Authority, Advertising Standards Authority, Joint Insolvency Committee, and the Recognised Professional Bodies (RPBs); and work is continuing.

Action undertaken in the reporting period includes dialogue with the IVA Standing Committee on a new IVA Protocol; continued coordination with the Financial Conduct Authority and the Advertising Standards Authority; increased consumer call monitoring, targeted inspections, and regulatory and disciplinary action taken by RPBs; and holding under review the standards and monitoring guidance applying to IVAs.

Our agency's Chief Executive has also written to all RPBs setting out his expectations for improvement and calling on Insolvency Practitioners (IPs) to implement those. In particular, our agency has called on the RPBs to work with IPs to remedy significant shortcomings in relation to call recording, revise training to staff, and to make improvements to their quality assurance systems.

International Insolvency

In 2023 the UK Government committed to implement two UNCITRAL (United Nations Commission on International Trade Law) model laws. Model laws in an insolvency context allow for greater efficiency in dealing with cross-border matters, by facilitating better cooperation between courts, and improved outcomes for creditors.

The Model Law on Recognition and Enforcement of Insolvency-Related Judgments (MLIJ) deals with cross-border recognition of judgments that are associated with insolvency proceedings and the Model Law on Enterprise Group Insolvency (MLEG) provides tools to manage and coordinate insolvencies within corporate groups.

Together these two model laws will complement the Model Law on Cross-Border Insolvency, which provides the foundations for international cooperation in insolvency proceedings, which the UK implemented in 2006 and 2007.

In 2023, the Government committed to engaging further with stakeholders before implementing the MLIJ, to minimise any potential legal uncertainty.

In 2024-25 we have been dedicated to preparing MLEG for implementation within England and Wales, as well as with colleagues in Scotland and Northern Ireland. Implementing this model law across the whole of the UK will bring consistency and increased certainty regarding its application in the various administrations. We hope to be able to implement the new model law in 2025-26.

Engagement with our stakeholders about MLIJ has been ongoing and a Call for Evidence will be issued when ministerial priorities allow.

Insolvency Practitioner Regulatory Reset

In 2024-25 we held a series of forums with the RPBs that regulate the insolvency profession to explore and discuss improvements to the regulation of IPs, as well as to explore ways of achieving greater consistency of regulatory processes and outcomes. This work will continue in 2025-26.

Separately, following calls from stakeholders, we had committed to implementing updates to the bonding framework for IPs, which provides a form of security to protect creditors from losses caused by the fraud or dishonesty of an IP.

The framework had not been substantively updated for almost 40 years. We implemented improvements through The Insolvency Practitioners (Amendment and Transitional Provisions) Regulations 2024, which came into force in December 2024. These regulations standardise the key features of bonds, increase protections for creditors, and provide more certainty for the parties to the bond.

Theme 2: Strengthen our reputation and impact in investigation and enforcement

By effectively tackling financial wrongdoing through successful investigation and enforcement actions, **we provide customers with greater economic confidence and protection**, ensuring a fair and stable environment to conduct business.

In 2024-25 there were:

- 1,037 director disqualifications
- 131 bankruptcy restrictions
- 169 criminal prosecutions (cases brought, not necessarily convicted)
- 63% of our disqualification and criminal outcomes were related to misconduct in COVID-19 financial support schemes

The average length of a disqualification decreased to 8.3 years from 8.6 years and the average length of bankruptcy restrictions decreased to 8.2 years from 8.5 years. More information on our enforcement outcomes can be found here.

Objective	Status	Commentary
Work with partners to increase our ability to identify and disrupt money laundering through the creation of dedicated intelligence and enforcement teams	In Progress	Our agency's work to tackle money laundering made great progress in 2024-25. Dedicated teams are now in place with recruitment to fill additional specialist roles underway. New technology has been implemented and we are seeing the first enforcement outcomes linked to money laundering. It is expected that our impact in this area will continue to grow in 2025-26.
Continued focus on COVID-19 financial support scheme related misconduct	Complete	Our agency continues to play a lead role in the Government response to COVID-19 loan abuse. 63% of our disqualification and criminal outcomes related to misconduct in respect of COVID-19 financial support schemes. This is broadly in line with last year's outcomes, demonstrating our continued focus on this type of misconduct.
Deliver new provisions for determining licence applications made by individuals automatically disqualified as directors under the Sanctions and Anti-Money Laundering Act 2018	In Progress	The work to implement the director disqualification sanctions licensing regime was completed in 2024-25. The measure will be applied to persons on the UK Sanction list in Q1 2025-26. The licencing regime will go live on the same day for those subject to the measure to make applications for a licence.

Objective	Status	Commentary
Create an investigation capability to support Companies House reform activity in Scotland	Complete	Collaborative working between our agency, Companies House and Police Scotland, including having Detective secondments in place, has meant that our investigation capability went live in April 2025.
Work with stakeholders to help implement Companies House reforms arising from Economic Crime and Corporate Transparency Act 2023	In Progress	Regular enforcement workshops between our agency and Companies House and embedded close working between respective intelligence teams has supported the flow of c.100 new intelligence reports from Companies House. Work is ongoing to create a deeper relationship and joint enforcement approach, delivering continuous pipelines of work which may lead to taking forward civil and criminal investigations.
Undertake a review of our enforcement communications and implement any recommendations with a view to promoting greater transparency and awareness about our enforcement work	Complete	The implementation of the enforcement communications strategy has led to a 117% increase in the number of press releases and increased pick-up from media organisations.
Develop our digital investigation capability to ensure our agency can maximise opportunities presented by data, analytics and private sector partnerships	In Progress	We are refining a comprehensive strategy which will empower us to build a more agile and effective digital investigation capability, positioning our agency to maximise the potential of data-driven insights and collaborative partnerships.
Implement a new intelligence database that will underpin our enforcement activities and enhance our ability to collaborate with law enforcement partners	Complete	The new intelligence database is in place and will play a crucial role in helping us to develop our intelligence capability and play a more active part in UK law enforcement.
Work with the Department for Business and Trade to strengthen the enforcement response to directors who fail to properly take account of employees' rights in the run up to insolvency	In Progress	We worked with the Department for Business and Trade and the Department for Transport on the Employment Rights Bill. The Bill will introduce new protections specifically devised for seafarers which will toughen the laws around collective dismissal and cementing seafarer wage protections in UK law. Improvements to the way our management information is collected are being implemented to benchmark current action taken against directors who fail to protect employee rights.

	2024-25	2023-24	2022-23	2021-22
Criminal prosecutions*	169	114	117	114
Live company investigations	133	139	152	168
Directors disqualified for misconduct	1,037	1,222	942	802
Directors disqualified for more than 10 years[1]	20.6%	25.3%	19.7%	6%
Bankruptcy restrictions	131	134	250	319

*This data has been updated and may differ from previous versions of this report.

[1]In previous editions of this report, directors disqualified for exactly 10 years were included in the more than 10 years category. In this and future editions these are no longer included.

Table 1: Tackling Financial Wrongdoing

COVID-19 Financial Support Scheme Misconduct

In 2024-25 we continued to investigate misconduct in relation to COVID-19 financial support schemes with 730 disqualification outcomes and 87 bankruptcy restrictions that included an allegation related to one or more of these schemes. There have also been 51 criminal prosecutions related to COVID-19 financial support scheme misconduct of which 19 individuals were sentenced to imprisonment.

We continued to obtain outcomes in cases investigated as a result of additional funding provided to us in the 2021 Spending Review for this area of misconduct. This accounts for 94 of the 1,037 director disqualification outcomes that we obtained.

Alongside our enforcement work, we took steps to recover funds lost to the taxpayer. As a result, 118 directors received a compensation order or provided a compensation undertaking to pay a combined total of £3.6 million.

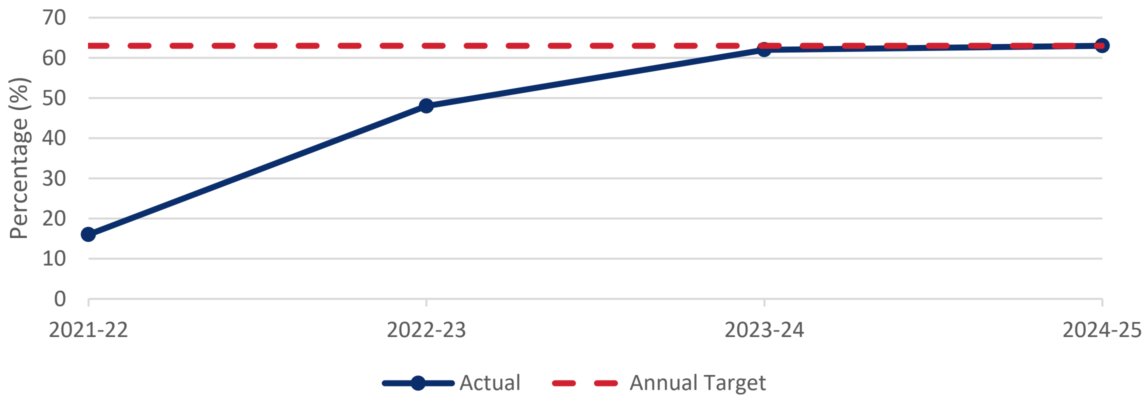


Figure 1: COVID-19 financial support scheme misconduct and fraud related outcomes as a percentage of all disqualification and criminal outcomes

(Figure 1 shows an upward trend, reaching 63% in 2024-25; this meets the 63% annual target)

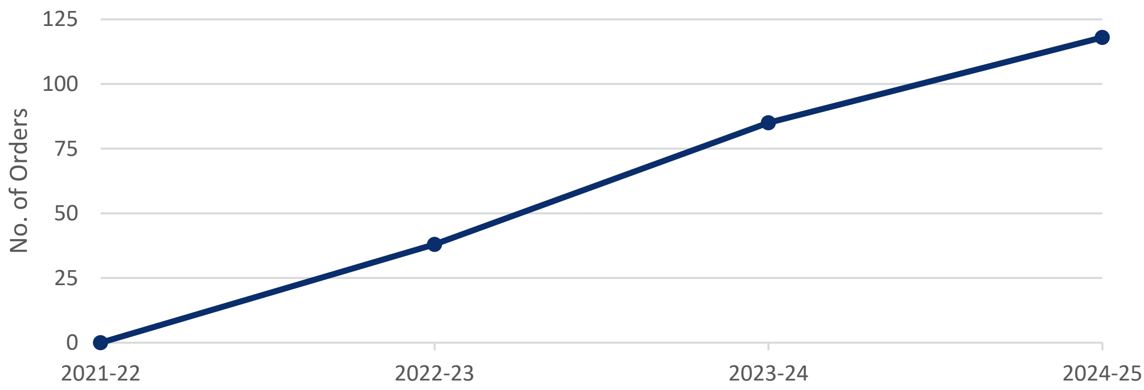


Figure 2: Number of COVID-19 financial support scheme misconduct related compensation orders

(Figure 2 shows a steady upward trend, reaching 118 in 2024-25; there is no target for this metric)

Anti Money Laundering

A new database, which will play a crucial role in helping us to develop our intelligence function went live in 2024-25. We have used funding received as part of the Economic Crime (Anti-Money Laundering) Levy to implement this new database which will be a vital step forward in building our intelligence capability. The database will become a cornerstone of our ambitions to tackle money laundering by supporting dynamic information sharing with public and private sector partners, building an intelligence picture of how UK corporate entities are misused to facilitate the movement of illicit funds.

In 2024-25 there were 124 investigations and 79 enforcement outcomes involving money laundering.

Enhancement of our Anti-Money Laundering Provision

The Insolvency Service's newly appointed specialist Crypto-asset Intelligence Officer recently identified a crypto wallet held in the name of a UK company, believed to hold over £2.5 million in a crypto currency which is suspected to be the proceeds of crime. Law enforcement partners are currently seeking to recover these funds.

Companies House Reform: Economic Crime and Corporate Transparency Act 2023

The implementation of the Economic Crime and Corporate Transparency Act 2023 (ECCTA) provided the legislative underpinning for reform of Companies House. We will be a key enforcement partner for Companies House, taking on more complex casework as the company registers are cleaned up. Our agency will have responsibility for around 290 of the approximately 340 offences now in the Companies Act 1985, as amended by ECCTA. The reforms themselves created over 113 new criminal offences that will impact both our Legal Services Directorate and Investigation and Enforcement Services teams. Our agency will be solely responsible for 78 of these offences.

Responsibility for an additional eight offences will be shared between our agency and Companies House, all of which means that the demand for our criminal investigation services will increase significantly.

Additional intelligence resource in both Companies House and the Insolvency Service will enhance our collective ability to identify wrongdoing and take preventative action to tackle economic crime.

Most of our increased corporate investigation and enforcement activity will be funded by an increase in company incorporation and annual fees charged by Companies House. These fee increases were implemented in May 2024 and will be reviewed on a regular basis. They will give our agency's enforcement work greater financial sustainability, bringing with it an opportunity to build on our existing resource and capability.

In September 2024, Companies House published their enhanced Enforcement Policy which details their enforcement approach where companies don't comply with their legal obligations. This policy refers to where the decision to prosecute may lie with our agency, leading to an increase in civil and criminal referrals received from Companies House.

In 2024-25, we ramped up our enforcement efforts under ECCTA. Thanks to the proactive data sharing powers of Companies House, which came into force in March 2024, we received approximately 100 intelligence reports, and we've initiated 25 S216 Insolvency Act 1986 direct prosecution referrals. Our corporate enforcement activity is set to increase further in line with planned recruitment.

In 2024-25 there were eight investigations relating to the new offences arising out of Companies House reform and ECCTA; there have not yet been any enforcement outcomes.

Expansion of Intelligence Capabilities

The Insolvency Service's new ECCTA Intelligence Team works closely with Companies House to tackle corporate misconduct. Within weeks of inception the team identified over £150.0 million in criminal property that represented the proceeds of corruption in another sovereign state, vested in a number of companies registered in the UK and three Crown Dependencies.

Intelligence continues to be developed about those owning and controlling this property, the companies it is vested in and the professional enablers who have facilitated the laundering of these funds into the UK market.

The Insolvency Service is collaborating in this work with UK and Crown Dependency law enforcement and regulatory agencies.

Enforcement Communications Strategy

In 2024-25, our agency's Press Office published 101 positive announcements highlighting the positive successes of our agency's work in areas such as tackling COVID-19 financial support scheme misconduct and banning poorly performing business directors.

Coverage is now more wide-ranging with the BBC regularly reporting on our work along with national newspapers such as The Times and The Sun. Local news and trade publications also continue to report on our enforcement outcomes; outlets which have used our press releases include the Yorkshire Post, Manchester Evening News, Derby Telegraph, and Brighton Argus.

Our agency has also appeared on national television for the first time in over a decade with two appearances on BBC One's Rip-Off Britain featuring our enforcement successes in winding up rogue companies, with a third appearance planned for 2025 on our work to tackle phoenix companies.

Enforcement Framework

In October 2024 we published the Insolvency Service's Enforcement Framework. Our agency provides the structures to deal both with insolvency and with the financial misconduct that may accompany it.

The framework sets out the nature of our enforcement powers and how we deploy them to tackle misconduct and support economic confidence. It outlines the principles we rely on to prioritise cases in the public interest, ensuring proportionate use of our enforcement powers and of public money. It discusses our approach to those more complex and high-profile cases; the way we collaborate effectively with partner organisations; our role in making recoveries and obtaining compensation for those who have suffered harm; and the steps we take to prevent future harm by educating directors as to their responsibilities.

Our Forensic Computing Project (FCP) concluded in July 2024 delivering enhanced digital forensic capabilities and deeper alignment with our agency's digital data strategy. FCP delivered a brand-new secure cloud environment that strengthens cybersecurity whilst also improving accessibility, scalability, and efficiency.

This modernisation provides greater capability to deal with the ever-increasing volume of data encountered in our investigations and provides a contemporary platform upon which future improvements can be made.

Enforcement Case Studies

Company Director Disqualification

A prolific company director and key figure in a scheme designed to undermine the insolvency system has been disqualified for nine years. The director, who is listed as a director of more than 400 companies, was paid to replace the directors of 12 companies which had ceased trading but had not entered liquidation.

In each of the 12 companies, the director made little or no attempt to verify information relating to their affairs, including securing records and assets, breaching their duties as a company director and subverting the insolvency system in the process. More than £7.6 million in assets across the 12 companies could not be accounted for at the date of insolvency.

The Insolvency Service on behalf of the Secretary of State for Business and Trade accepted a disqualification undertaking from the director, and their ban started in January 2025. The disqualification undertaking prevents them from being involved in the promotion, formation, or management of a company without the permission of the court.

Director Disqualification - COVID-19

A director falsely secured grant payments worth a combined £95,000 paid by seven local authorities under the Small Business Grant Fund, introduced during the pandemic. The director also secured a £50,000 Bounce Back loan which the company was not eligible for.

The company applied to at least 21 local authorities in June and July 2020 to be falsely registered for business rates in order to receive Small Business Relief Grants. The company did not occupy or trade from any of the premises it falsely claimed to be registered at.

The director supplied contradictory and unsubstantiated information to councils in making the applications. Bank statements and leases signed by the director which were provided as supporting documentation appeared to have been fraudulently produced, according to our analysis.

The director was disqualified at a hearing of the High Court in London in August 2024.

Conviction and Asset Recovery

A convicted COVID-19 loan fraudster has sold their BMW and flat to repay the £50,000 they illegally obtained.

A director admitted fraudulently securing a Bounce Back loan in 2020 and unsuccessfully applying for another, claiming their turnover was £200,000. They later conceded the actual figure was closer to £60,000. They said money from the loan was used to pay off personal debts and provide for their family, also spending £19,000 on a BMW and car repairs.

The director was sentenced to 20 months in prison, suspended for 18 months, in December 2022. They were disqualified as a company director for three years, ordered to complete 300 hours of unpaid work, and make a £2,000 contribution to the prosecution costs incurred by the Insolvency Service.

Since the conviction, investigators at the Insolvency Service have worked hard to identify assets and recover the money they fraudulently obtained. Confiscation proceedings brought by the Insolvency Service led to director being forced to sell their BMW by the same court, which they did in June 2023.

The sale of their property was finalised in late October 2024, with an additional payment of just over £850 made to complete the repayment of their £50,000 loan in full.

Victim Protection - Shutting down Company

The Insolvency Service shut down a company after it aggressively cold-called pensioners, people with medical conditions, and other vulnerable people offering fake drainage protection plans. The company's crude sales tactics included threatening people with the police and bailiffs if they did not sign up to their service, bombarding them with up to 20 calls a day, and using abusive language.

The company claimed to provide replacements and repairs to plumbing and drainage as well as protection plans for items such as satellite equipment and household appliances. Insolvency Service investigations found no evidence that such cover was ever provided to customers.

Investigators additionally uncovered payments of more than £6.9 million from the company to 42 connected companies between April 2021, one month after it was set up on Companies House, and June 2024.

The company failed to co-operate with the Insolvency Service’s investigation and did not provide an explanation for these payments.

Following the Insolvency Service investigation the company was wound-up at the High Court in London in December 2024.

Theme 3: Sharpen our operating focus

The essential public services provided by our operational teams help those in financial distress and facilitate the best possible outcomes for those impacted by insolvency, underpinned by a culture of continuous improvement. **This year we continued to work on our commitments to make it easier for our customers to interact with us**, laying foundations for new digital services using customer insight.

Objective	Status	Commentary
Finalise implementation plan arising out of recommendations following bankruptcy customer journey exercise	In Progress	We commissioned user research into bankruptcy journeys, to better understand the experience of debtors and staff during these processes. We will be considering the implications of the exercise in 2025-26.
Undertake discovery work for further automation of processes within Redundancy Payments Service	In Progress	The discovery work has taken longer than anticipated and is still ongoing; we are expecting to commence further automation of processes in 2025-26.
Prepare our new case management system 'INSSight' ready for launch	In Progress	Project is on track for delivery in 2025-26.
Deliver a two-day foundation level training event giving delegates a conceptual understanding of continuous improvement	Complete	Training was delivered to 94 delegates in 2024-25 exceeding our target of 70.

	2024-25	2023-24	2022-23	2021-22
New insolvency cases handled by our Official Receivers	10,817	10,907	9,028	8,467
Debtor's application bankruptcy orders	5,454	6,162	5,558	6,669
Compulsory liquidations	3,413	2,991	2,287	712
Creditor petition bankruptcy orders	1,925	1,759	1,194	1,089
Volume of cases where a distribution is made*	12,001	16,545	16,420	9,633
Debt relief orders	45,917	32,514	24,267	22,601
Redundancy payment claims	69,237	85,592	59,234	44,895
Breathing Space applications granted	88,568	89,351	76,599	58,476
Breathing Space applications granted for people in a mental health crisis*	1,259	1,390	1,343	905

*This data has been updated and may differ from previous versions of this report.

Table 2: Supporting those in Financial Distress

Bankruptcy Customer Journey

In 2024-25 we commissioned user research into both the creditor petition and debtor bankruptcy journeys, to better understand the experience of debtors and Official Receiver Services (ORS) staff during these processes.

The aim was to highlight areas of improvement both internally and for our customers. The research will support our agency strategy of helping to sharpen and improve our operating focus and help identify areas to modernise ways of working.

The recommendations were:

- Provide clearer guidance around bankruptcy process and the next steps
- Provide an auto-email response so that bankrupts know their email have been received
- Customer service training for ORS staff to ensure consistent interactions
- Signposting to debt and mental health charities where needed
- Review the content and make relevant changes to the bankruptcy letters
- Digitalise the bankruptcy preliminary information questionnaire and review the content of the form

Further user research will be needed for some recommendations and these recommendations will be actioned after the rollout of our new internal case management system known as ‘INSSight’.

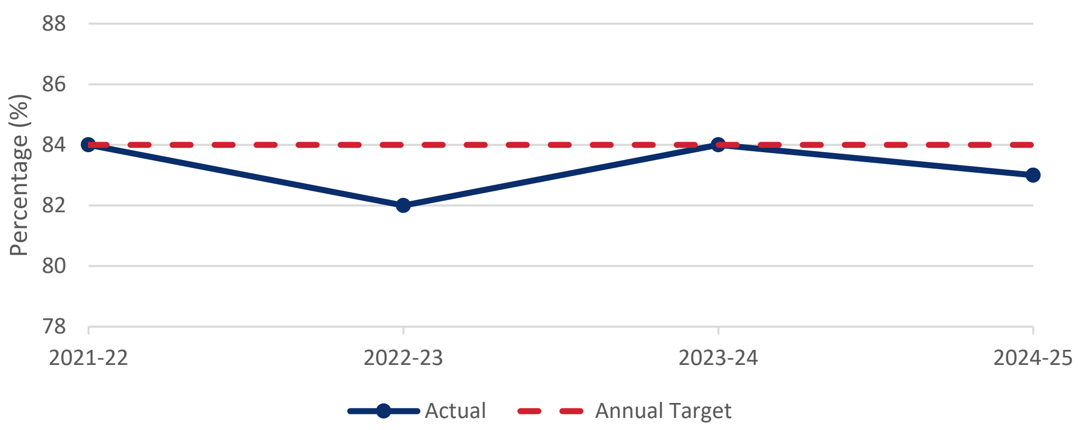


Figure 3: Customer satisfaction overall score

(Figure 3 shows a fluctuating trend, reaching 83% in 2024-25; this is below the 84% annual target)

Continuous Improvement: Foundation Training

Our continuous improvement business partners designed a two-day course to give our people an understanding of the fundamental principles of continuous improvement and a range of tools they can use as part of their work every day, with a view to embedding a continuous improvement culture. In 2024-25, we delivered the training to 94 people bringing our cumulative total to 196 since 2023.

"The Foundation Training included a good mix of modules; with the group sharing practical and real-world stories, I was able to see how I can implement my learning."

Training Attendee, February 2025

Continuous Improvement: SMART Idea

The use of electronic signatures has had a profound effect on operational delivery in ORS and its impact on our agency value of performance is clear. 80% of bankruptcy packs are now being signed and returned within an average of four days, over six weeks quicker than before, 26% are completed on the same day. 96% of Income Payment Agreements are being signed and returned within 20 days, exceeding the KPI by 6% and a massive 30% increase since April 2024. The software also sends automatic reminders, saving caseworkers more than 20 hours per month and allowing 26% more Income Payment Agreements to be processed with no additional resource.

DocuSign is totally intuitive and accessible and can be used on any device at any time. This flexibility allows even the most vulnerable customers to sign documents they may have had difficulty signing before, and they’re reassured that the sending process is a lot more secure.

There is also the obvious saving of us and customers not having to physically print and post, aligning with our agency’s ambition to be “digital first” and our Sustainability Strategy.

This is all thanks to a SMART Idea from one of our people who had worked in the financial sector. They recognised the benefits of electronic signatures from his experience, and suggested they would really help ORS colleagues and their customers. This is a great example of ORS sharpening its operating focus, and modernising our technology, leading to performance improvements.

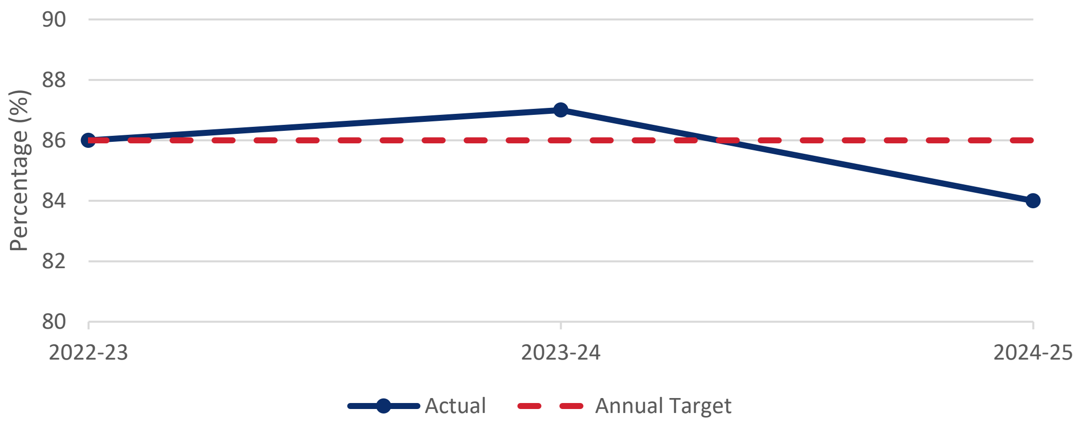


Figure 4: Percentage of Breathing Space statutory notices issued electronically

(Figure 4 shows a decrease in 2024-25 reaching 84%; this is below the 86% annual target, the only time this target has not been achieved)

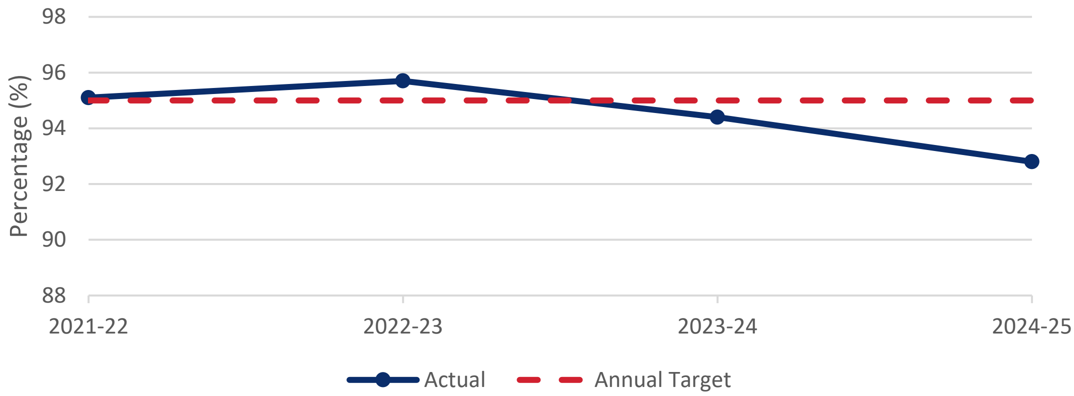


Figure 5: Percentage of reports to creditors issued within 15 days of interviewing (or a decision that no interview is required) in bankruptcy and liquidation cases

(Figure 5 shows a downward trend, reaching 92.8% in 2024-25; this remains below the 95% target, the target was achieved in the first 2 years)

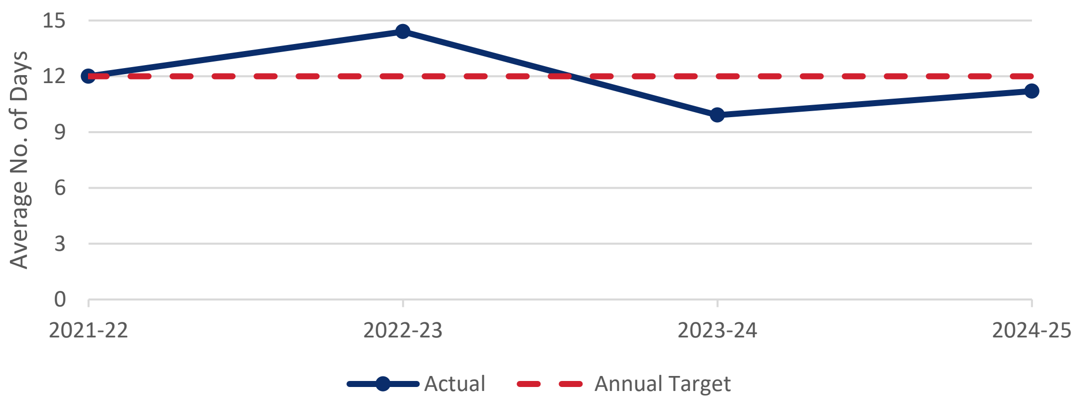


Figure 6: Average number of days to process redundancy payment claims

(Figure 6 shows a fluctuating trend, reaching 11.2 in 2024-25; this remains below the annual target of 12 for the second year in a row)

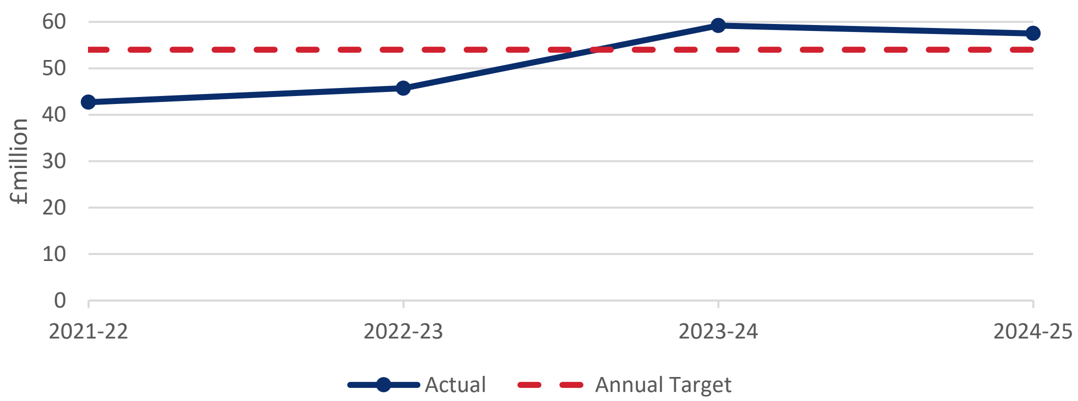


Figure 7: Value of distributions to creditors and debtors (excluding National Interest Cases)

(Figure 7 shows an upward then steady trend, reaching £57.5 million in 2024-25; this continues to exceed the £54.0 million annual target)

Official Receiver Services Case Studies

GP Surgery - Bankruptcy

With only 24 hours' notice, the Official Receiver closed down a GP surgery caring for 4000 patients in the West Midlands following a bankruptcy order made against the GP. Careful planning was required to mitigate risks relating to drugs and medicines in the trading premises as well as dealing with sensitive medical information.

The Official Receiver's team successfully collaborated with the local Integrated Care Board to deliver an orderly winding down of the business and to put in place measures to ensure all patients were transferred to neighbouring surgeries with no risk to ongoing patient care.

Director Recoveries - Company Liquidation

In 2024, following a detailed investigation into the affairs of a company in liquidation, the Official Receiver was successful in negotiating a £200,000 settlement in relation to claims against the company's director. There were several parts to the claim including an outstanding director's loan account, reversing transactions which took place after the date of the winding up petition to recover money and property that should have formed part of the insolvent estate, and a claim for the director breaching their duties to the company. Working in partnership with solicitors employed for the purpose of handling complex asset recoveries on the instruction of the Official Receiver, and following a Letter Before Action, the team successfully secured a 400% increase on the original offer made by the director. The recovery, after costs, represents in excess of 40% of the total amount owed by the company to its creditors.

Bankruptcy Restrictions Order

In January 2025, the Official Receiver obtained a Bankruptcy Restrictions Undertaking for a period of 11 years against a private hire driver.

A bankruptcy order had been made against the individual in February 2024. They had obtained a £50,000 Bounce Back loan during the pandemic. At the time of the application, they stated that the purpose of the loan would be to support and expand their business. Instead, the Official Receiver's investigations showed that the funds were not used for the economic benefit of the business. Furthermore, the debtor provided false information on the loan application, further aggravating the seriousness of the misconduct.

Theme 4: Shape a new approach to prevent insolvency and rehabilitate through education and guidance

A lack of education and guidance for directors whose companies were in financial difficulty was identified in our confidence survey, where it was apparent that directors' awareness of their obligations and liabilities about corporate insolvency varied considerably. We endeavour to increase the capability and knowledge of company directors and improve their awareness of their legal duties, obligations, and how to avoid insolvency where possible or manage it properly if it is unavoidable. **We want to do more to make directors of companies aware of their options and responsibilities.**

Objective	Status	Commentary
Further developmental improvements to the Director Information Hub including improved access	Complete	We have worked on building an enhanced package of data analytics which is providing a greater level of insight into the volume of people accessing the Hub, the pages of most interest and where they are accessing the Hub from. We continue to work with external stakeholders to ensure the Hub is promoted and signposted through their relevant channels.
Work with stakeholders to develop new Director Information Hub content	Complete	We have maintained a quarterly programme of new content uploads which has been broadly in line with our plan. Through ongoing stakeholder engagement, we identified priority content that was produced and published earlier than planned to meet wider objectives.

Director Information Hub

In the first nine months following the launch of the Director Information Hub in July 2023 we had 31,322 page views. We have built on that through 2024-25 and had a total of 46,505 page views at the year end.

Over 2024-25 we have worked towards increasing our use of data analytics to better understand the user journey, including their route both into and from the Hub. This insight has helped us identify further opportunities to increase access and is informing our decisions on where to focus our efforts for maximum benefit.

This includes working closely with stakeholders to embed links to the Hub which should further increase the number of people accessing the content.

frWe have worked with stakeholders to develop new content including:

- Co-operation with office holders
- Members' voluntary liquidation
- Re-use of insolvency company names
- Self-assessment for company directors
- Moratorium
- Statutory demands
- Dissolved companies
- Redundancy

Theme 5: Shape and modernise our technology and infrastructure

Modernising our technology and infrastructure to keep pace with the digital society delivers benefits to our customers, our people, and our agency. **Our customers are increasingly able to access our services more easily** with improved channels for providing and accessing information digitally with plans for further improvements in the coming year. Our people are using modern, reliable systems that provide them with the right tools to undertake their roles more effectively with automated high-volume processes enabling them to focus on more complex work.

This enables our agency to be more flexible, managing peaks and troughs in workload in a more responsive and efficient way which positively impacts our customers and people.

Objective	Status	Commentary
Prepare our new case management system ‘INSSight’ ready for launch	In Progress	Project is on track for delivery in 2025-26.
Rollout new laptops for all staff	Complete	Modern Workplace Technology Project successfully delivered.
Complete the transition to our enterprise corporate reporting solution	In Progress	‘INSSight’ is delivering a new data platform and is on track for delivery in 2025-26.
Relocate colleagues from Bristol, Plymouth, and Southampton to regional centres	Complete	Colleagues have transferred to their new Regional Centres. The Bristol, Plymouth and Southampton offices have been closed within the agreed timescales.
Implement a new Carbon and Energy Management Plan (CEMP)	In Progress	Our agency’s CEMP is a working document overseen by our agency’s Environmental Strategy Group. The CEMP will be updated and re benchmarked following the publication of new Greening Government Commitments by the Department for Environment, Food, and Rural Affairs in the next financial year.
Review our office operating model and proceed with onboarding to the Government Property Agency (GPA)	In Progress	Onboarded with GPA in February 2025. Office operating model review to be completed in Q2 FY 2025-26.

INSSight

Our agency is preparing to rollout a new internal case management system known as ‘INSSight’. It covers our Official Receiver Services and Estate Accounts and Scanning, including banking.

‘INSSight’ will be better integrated with our internal and external systems and will enable us to automate repetitive tasks. Bringing benefits to our customers, ‘INSSight’ will reduce the need for manual data entry which should lead to improved service efficiency in the future.

The system will also lay the foundation for new digital services in the future.

Data Strategy

We have embedded a new operating model for our analysis function, onboarding more specialist analysts and implementing a business partnering approach to build data literacy and support agency performance.

'INSSight' has adopted the principles of the data strategy, building in higher standards for data quality, architecture and governance.

We have developed and started to implement a framework for data governance.

Modern Workplace Technology

In 2024, we brought the Modern Workplace Technology project to a formal close. Whilst delivery took longer than anticipated the project fundamentally upgraded both our end user devices and the underpinning technology, and support services that enable them to function.

The project successfully delivered:

- Nearly 2000 new Windows 11 laptops in a choice of configurations enabling colleagues to choose the device that best meets their individual needs. Radically improved performance, security, and user experience
- Over 500 new iPhone 14 mobiles which now have the performance and functionality to offer a genuine alternative to using a laptop when out of the office and on the move
- Improved back-office technology and infrastructure to support new devices
- New peripherals, audio/visual, desktop, and office support service
- Roles Based Access Control - an initial capability to ensure we manage access and use of our technical resources in a more modern, sustainable and cost-effective way

"It's been hugely exciting to shape and deliver these changes and developments which have already made a real improvement to how our people carry out their work as well as to productivity, security and efficiency across the whole organisation, and externally too."

Ranuka Jagpal, Director of Change and Technology Services

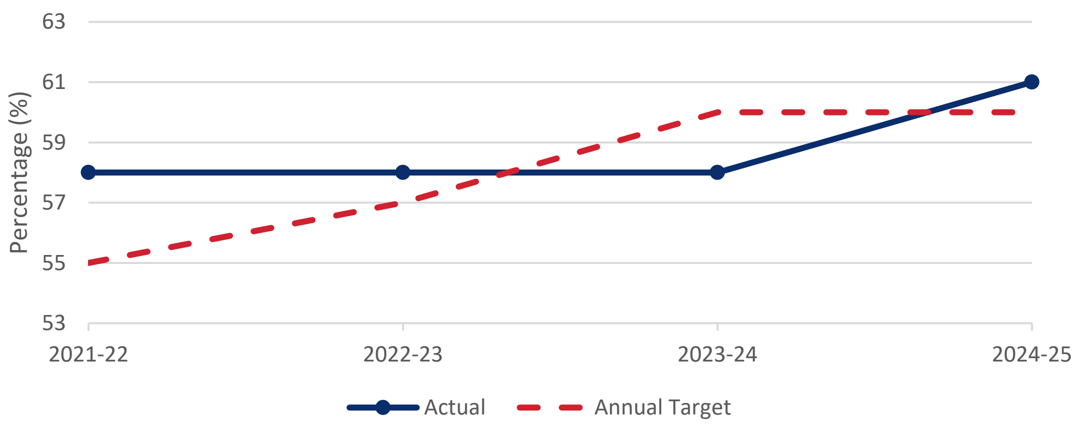


Figure 8: User experience - People Survey response to how our user community feels about the tools to do the job

(Figure 8 remained steady with an increase reaching 61% in 2024-25; this exceeds the 60% annual target)

Customer Digital Services

In July 2024, we concluded our initial portfolio of work around digitising services for our customers.

By partnering with the User Centred Design (UCD) Team and Government Digital Services our project pioneered the GOV.UK Form Builder tool. This tool allows digital forms to be created enhancing both accessibility and user experience. In less than 12 months we achieved nearly 15,000 customer submissions and in 2024 we successfully transitioned the form builder capability to business as usual, with the UCD team now driving ongoing digital transformation in this area.

In 2024, we also completed early discovery work around Debt Relief Order (DRO) enhancements. This work focused on reducing manual data entry and reducing errors between DRO hubs and our agency via a new Application Programming Interface for direct application data transfer. This will not only save time but will also boost application accuracy. We are currently engaging with the Money and Pensions Service with a view to progressing this work over the course of the coming financial year.

Further opportunities to improve the service we offer our customers and to exploit both existing and new technologies will be identified as part of our digital innovation function. Work has already started with opportunities for automation use of Artificial Intelligence informing the roadmap for the coming financial year.

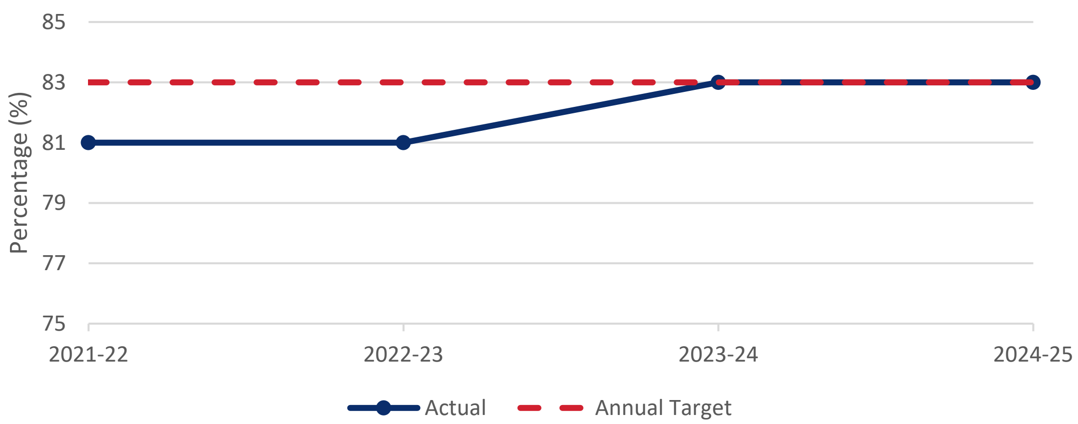


Figure 9: Net effort score - customer feedback on how easy it is to use our services

(Figure 9 shows an increase in 2023-24, remaining at 83% in 2024-25, this continues to meet the 83% annual target)

Transforming Workplaces

Our Transforming Workplaces programme is aimed at reducing our estate footprint to 11 Regional Centres over a four-year period. We have closed eight offices since 2022. We intend to complete the programme in 2025 with the closure of our Brighton and Chatham offices later this year.

The Transforming Workplaces programme has 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.

In 2024-25 we completed a major fitout of our Northwest Regional Centre. Our Cardiff based people moved into a new Government office in Cardiff city centre and our Exeter based people moved from Senate Court to the MET Office. We relocated our Plymouth and Bristol colleagues to our Wales and Southwest Regional Centres and closed the Plymouth and Bristol offices.

More recently, we have moved our people based in Nottingham into a new Government office in the city centre. These changes have improved the working conditions for our people, offering vibrant spaces that are fit for the future.

	2024-25	2023-24	2022-23	2021-22
Number of offices in our estate	13	16	19	21
All in-scope Procurements to include 10% Evaluation for Social Value and Environmental Sustainability	100%	100%	100%	-
Carbon emissions from operational energy consumption (tCO_2e)	268	347.47	-	-

Table 3: Our Estate and Sustainability

Theme 6: Shape our agency as a great place to work

Our ambition is to have a flexible workforce empowered and rewarded to develop their capability and professional skills - **being able to move skilled colleagues onto priority work results in an improvement in the customer experience.** We want to be an employer of choice where people are engaged and leadership, particularly through change, is recognised as a strength in all our leaders. This enables us to meet fluctuations in demand quickly and easily and be agile enough to adopt new ways of working effectively and efficiently.

Objective	Status	Commentary
Improve our employee value proposition focusing on outreach, career pathways, pay and benefits, accessibility, and candidate experience	In Progress	Work is underway on our Employee Value Proposition including ways to measure our progress and maturity. Phase 1 and 2 of career pathways work has been launched. The 2023 pay award was paid to staff. Recruitment processes have been streamlined, and work is continuing to improve candidate experience.
Promote a flexibility culture to support better career pathways and workload management	In Progress	We have made a good start in our career pathways work to highlight the opportunities for career progression and movement across our agency. We have used our skills tool to aid the identification and deployment of skilled individuals to meet business needs and aid personal development. However, there is more we can do in this area to influence behaviours through our managers to embed a flexibility culture.
Continue our Brilliant Leadership programme with our senior leaders	Complete	Plans to continue face to face rollout to all our senior leaders were successfully met. We were also able to deliver a virtual cohort and an additional face to face cohort, further to our original plans.

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 71% compared to 61% for the Civil Service as a whole. The response rate was down from 2023 by 7% and 4% for the Insolvency Service and Civil Service, respectively. Of the nine survey themes, we were equal to or above the Civil Service benchmark in eight.

We are above the High Scoring benchmark in 'organisational objectives and purpose' and one percentage point below in five other themes. When comparing the results with last year's survey, there was one increase in relation to 'resources and workload' and there were decreases in four themes, the only statistically significant one being 'pay and benefits'. The four other themes remained the same.

The overall engagement score decreased from 2023 from 60% to 59%, while the target was to increase. The Civil Service overall score and benchmark was 64%.

Our agency performs well in themes associated with people's work, team and manager, scoring 80% or higher across these.

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 our agency a great place to work.

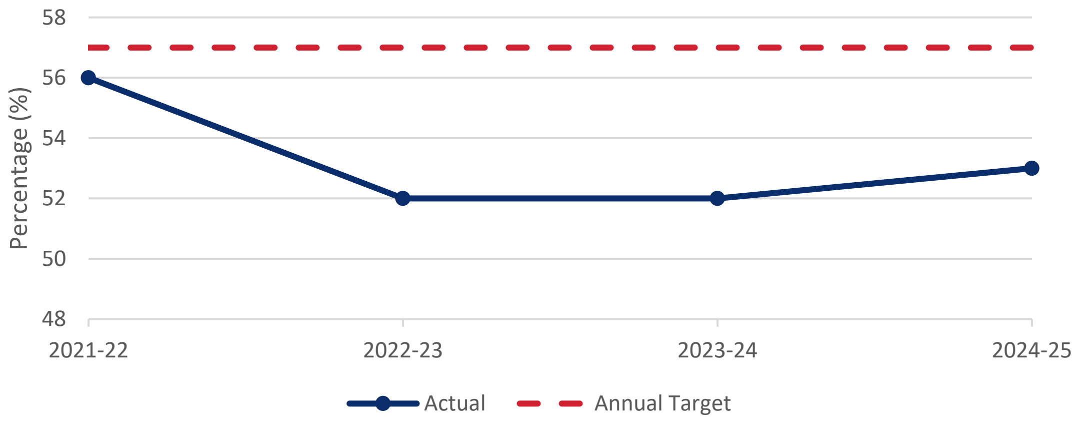


Figure 10: Leadership and Managing Change score in the People Survey

(Figure 10 shows a steady trend, reaching 53% in 2024-25; this remains below the 57% annual target)

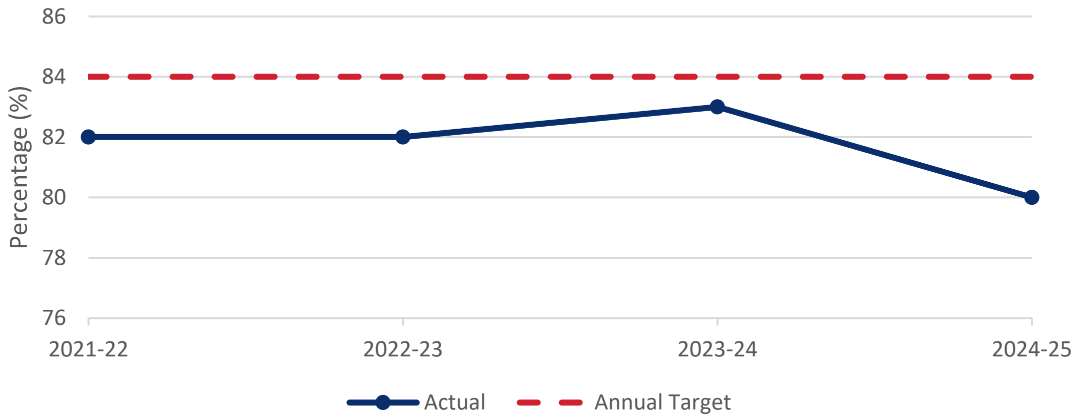


Figure 11: My manager people score in the People Survey

(Figure 11 shows a steady trend, however, falls to 80% in 2024-25; this remains below the 84% annual target)

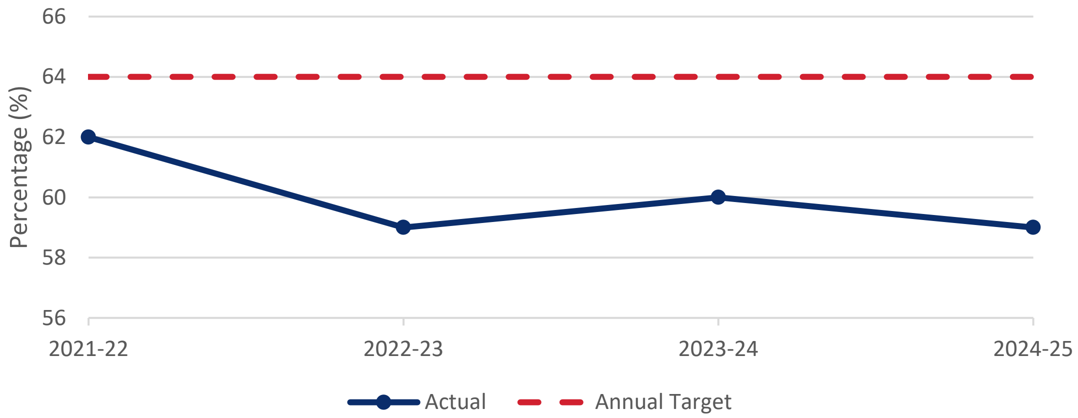


Figure 12: Employee engagement index

(Figure 12 has been steady since 2022-23, reaching 59% in 2024-25; this remains below the 64% annual target)

Skills Tool

Our skills tool provides 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; the search functionality has been successfully used to identify skilled individuals for skill share with colleagues and for lateral moves to support business priorities.

"My manager asked me if I would be willing to move temporarily into the Commercial Team for 3 months. They were extremely busy, short staffed, and needed urgent support. Commercial colleagues had requested a search of our skills tool to find someone who could help them and wanted to ask me.

I really enjoyed my time in Commercial and it's been a very rewarding experience. It's been nearly 10 years since I last worked in Commercial, and the commercial world has moved on considerably in that time. I've now gained new insight into current procurement practices and processes. I have a far greater understanding of the pressures the team are under.

And how we, as consumers, can help to make the procurement process as painless as possible for everyone."

Venecia Edmead, Apprenticeship Manager

	2024-25	2023-24	2022-23	2021-22
Number of internal moves to support the business need	14	49	42	81

Table 4: Number of internal moves to support the business need

Apprenticeships

Although we have been unable to meet the Civil Service target for apprenticeships of 5% of our headcount this year, the number of apprentices on programme remains steady at around 3% of our headcount and our focus during 2024-25 has been on the quality of our apprentice experience, and the breadth of our offer.

Our withdrawal rate this year has reduced to only 14%, which is significantly under the national average of 45% according to latest Department for Education figures. We have continued to expand the range of apprenticeships available, and half of our apprentices are now undertaking a Level 4 or above apprenticeship in a specialist profession. These include:

- Intelligence Analyst Level 4
- Business Analyst Level 4
- PR and Comms Level 4
- Procurement and Supply Chain Practitioners Level 4
- Data Scientist Level 6
- Service Designer Level 6
- Digital User Experience Level 6
- Digital and Technology Solutions Level 7
- Accountancy and Taxation Level 7

"I joined the Insolvency Service in January 2023 as a Level 3 Business Administration Apprentice. While I had always wanted to further develop myself and my skills, I lacked the confidence to take that step. Applying for the apprenticeship gave me a unique opportunity to learn, grow, and gain valuable experience that has shaped my professional journey.

The process was challenging, but with the unwavering support I received, I persevered, and it was absolutely worth it. My apprenticeship was a fantastic learning experience. The skills and knowledge I gained helped me succeed and ultimately achieve a promotion. I truly believe that apprenticeships are a fantastic way to develop your skills and knowledge at various stages of your career. I highly recommend an apprenticeship to anyone looking to develop their skills and progress in their career. It provides valuable experience and a strong foundation for future growth."

Sabina Rehman-Bari, Apprentice of the Year 2024

Career Pathways

In 2024-25 we created new intranet content to showcase to our people what career opportunities are open to them across our agency. Our new pages show people what skills are needed to work in each of the 18 professions within our agency, what roles there are, and what qualifications/professional memberships are available once in post. For those who don’t know what profession they might be interested in, we have the Civil Service career matcher and our own role-finder tool - an online searchable database showing every job role in our agency by grade, team, profession, and directorate with information on eligibility criteria and qualifications that are required. Over 600 people visited the pages in the first three months and over 100 have used the role-finder tool.

We have also launched the first of five planned “Futures” learning pathways aimed at individuals aspiring to progress to some of our priority roles. Future Manager (an online programme aligned to the Civil Service line manager standards) was launched in September 2024 and will be followed in 2025 with further learning pathways into Investigations, Insolvency, Policy, and Projects.

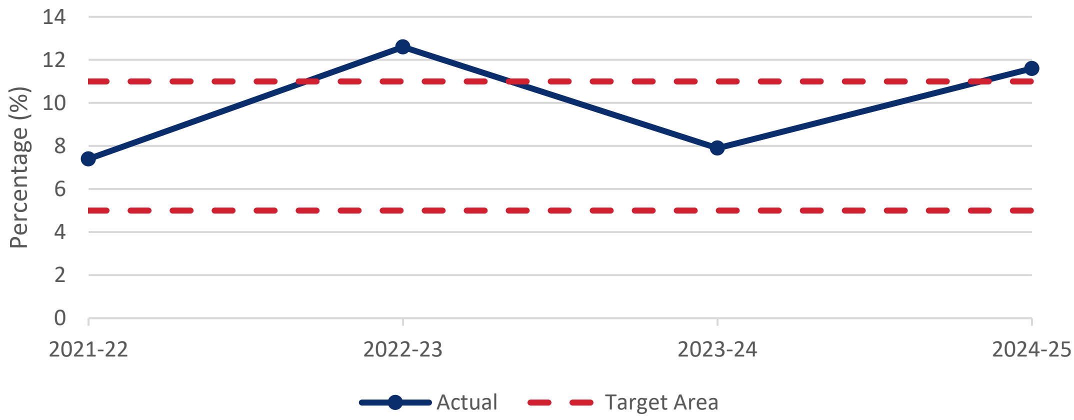


Figure 13: Percentage of internal promotions

(Figure 13 shows a fluctuating trend, reaching 11.6% in 2024-25; this exceeds the upper target of 11%)

Brilliant Leadership

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 our Brilliant Leadership programme.

The programme’s development was informed by relevant performance measures, survey results, and diagnostic work with the leadership community to ensure the content met our leadership needs, and included the behaviours and performance expected of our leaders.

Our programme has been delivered to 185 senior grade leaders and 350 middle managers. Our evaluation of the programme has shown a positive impact.

Short term evaluation shows an uplift in participant’s understanding across core leadership concepts. Longer term evaluation shows evidence of learning being embedded and a subsequent shift in behaviours and leadership approach. Leaders who participated in Brilliant Leadership a year ago report positively on key areas including having an improved understanding of their own behavioural preferences, values, and principles as a leader and being able to adapt their leadership style when appropriate. Working collaboratively, empowering others, and promoting accountability alongside being able to navigate ambiguity and change are also positively represented by our early participants of Brilliant Leadership.

“Participating in the Brilliant Leadership program has been instrumental in my journey to explore and refine my leadership style, aligning with my core values while nurturing desired traits. Looking ahead, I am dedicated to furthering my growth in specific domains. These include fostering a more optimistic approach in setting ambitious goals and embracing calculated risks.

I aim to utilise my enhanced understanding of my leadership style to cultivate a nurturing and empowering atmosphere for my team. I am committed to implementing the strategies and techniques acquired during the programme to continually refine my leadership skills and amplify my influence as a leader.”

Candida Fianko, Communications Manager

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 our agency a great place to work.

Our successes include:

- A reduction in our gender pay gap with the mean gap reducing from 8.7% to 6.2% and the median from 11.11% to 8%
- The percentage of female employees in our agency, 56.8%, is higher than the Civil Service figure of 54.5%
- Based on 2024-25 declarations, we have 20.6% of employees from ethnic minority backgrounds increasing from 19.5% in 2023-24
- The percentage of disabled employees has increased from 16.6% to 18.1%

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.

In January 2025, we launched our new annual Building User Survey so colleagues can have a say on safety, security, sustainability, and quality of our offices, establishing a baseline Building User Satisfaction Score of 65%.

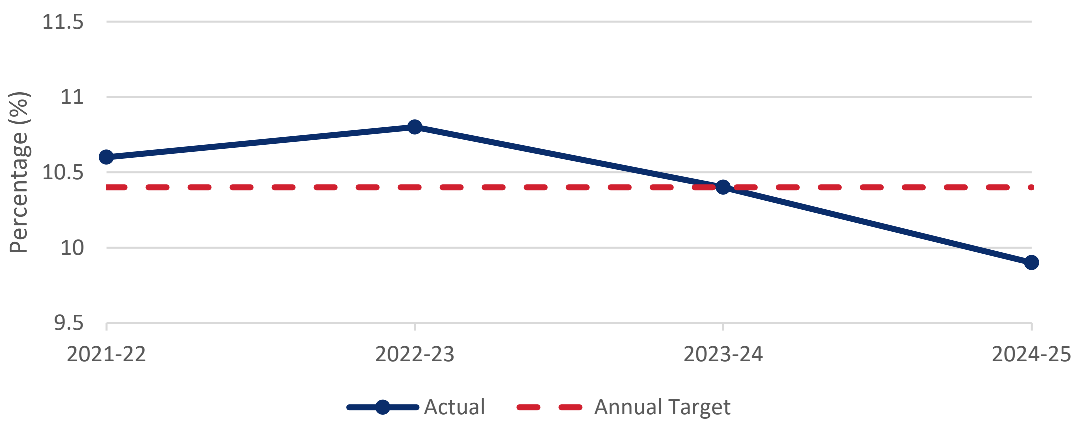


Figure 14: Staff attrition rate

(Figure 14 shows a steady downward trend since 2022-23, reaching 9.9% in 2024-25; this falls below the 10.4% annual target, indicating successful reduction)

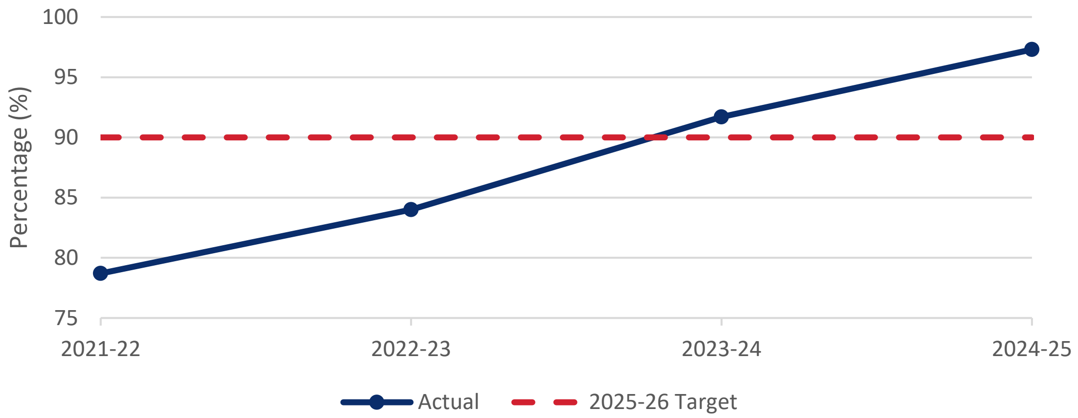


Figure 15: Percentage of our people assigned to Regional Centres

(Figure 15 shows a steady upward trend, reaching 97.3% in 2024-25; we exceeded the 90% target in 2023-24)

Theme 7: Sharpen our financial model to ensure sustainability

Our Official Receiver operations are funded out of fees charged on cases, and income is dependent on a range of factors including the volume and type of cases we receive as well as the recoverability of fees charged. Bankruptcy volumes continue to be suppressed compared to pre-pandemic levels, which has created a significant funding challenge. In 2024-25 we continued to review our cost base and fee levels as well as exploring other opportunities to mitigate the funding shortfall.

We have made substantial progress with our Transforming Workplaces project which will reduce our estates footprint by about half, driving down annual property costs and our new case management system will lead to further efficiencies when fully implemented.

By reviewing our cost base, fee levels, and implementing efficiency projects we are ensuring that **our customers benefit from a more sustainable and cost-effective Insolvency Service.**

Objective	Status	Commentary
Develop and implement our agency's efficiency framework, in line with the Government's drive for efficiency in providing public services	Complete	Efficiency processes, reporting tools and supporting guidance launched in July 2024 and local training delivered to upskill teams across the business and embed the new framework.
Implement agreed increases to fees charged by our agency in respect of recent inflationary pressures	Complete	Inflationary Fee increases were deployed in January 2025.
Deliver savings against our IT cost baseline	In Progress	The technology cost transparency phase provided the data and cost base understanding to determine optimisation opportunities. The optimisation phase within the project provided the foundation for optimisation activities in business as usual.
Undertake a discovery exercise with a view to implementing a new finance system, as part of a broader shared services strategy	In Progress	The discovery exercise commenced in November 2024 as planned, however focus changed to become a feasibility assessment on using a Matrix for our core finances. Engagement with Department for Business and Trade has indicated implementation will be late 2027 and will not cover non-core finances at that launch.
Implement new fee funding model for investigation and enforcement functions as provided by the Economic Crime and Corporate Transparency Act 2023	Complete	The transition to Companies House fee funding for our company investigation and enforcement activity was completed in May 2024.

Improved Financial Sustainability

In January 2025, some of the fees we charge for Official Receiver's services increased. This is to reflect and mitigate inflationary increases in operating costs, since the fees were last updated in 2016.

The fees which have increased are:

- Administration and general fees
- Official Receiver's hourly rates for undertaking additional duties not otherwise covered by fees
- The deposit payable when a company is wound up on grounds of public interest, (S124A of the Insolvency Act 1986)

The delivery of these changes will introduce £28.0 million of financial benefit to our agency over the next 10 years.

Our Change and Technology Services Cost Transparency and Optimisation workstream within the Financial Sustainability project is reviewing the costs associated with the technology we use to see if we can achieve better value for money. Our aims are to ensure that costs across the technology workplace are transparent and optimised. By optimising the supplier management and contract procurement processes and associated toolkits, we aim to ensure value for money by better understanding the IT products that our agency needs and reducing the number of IT contracts that our agency has.

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.

In May 2024, the new fee income funding model for our Investigation and Enforcement functions was introduced, reducing our agency’s reliance on central Government funding and providing the means to meet increased demand from Companies House reform and the Economic Crime and Corporate Transparency Act 2023.

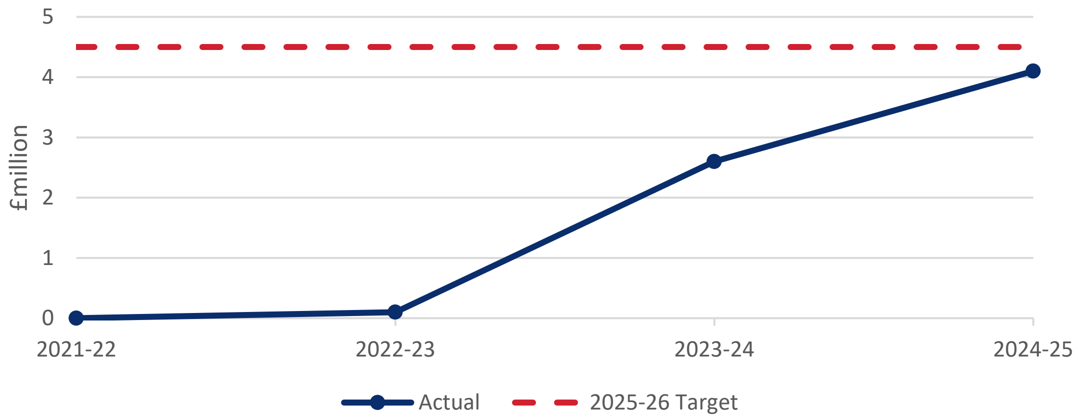


Figure 16: Financial Sustainability - Fees review

(Figure 16 shows an upward trend, reaching £4.1 million in 2024-25; we are on track to meet the £4.5 million 2025-26 target)

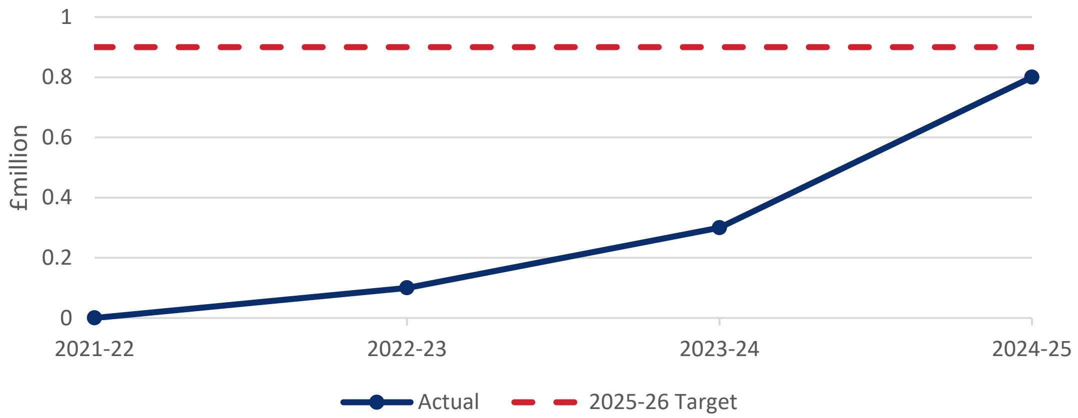


Figure 17: Financial Sustainability - Process improvement

(Figure 17 shows a steady upward trend, reaching £0.8 million in 2024-25; we are on track to meet the £0.9 million 2025-25 target)

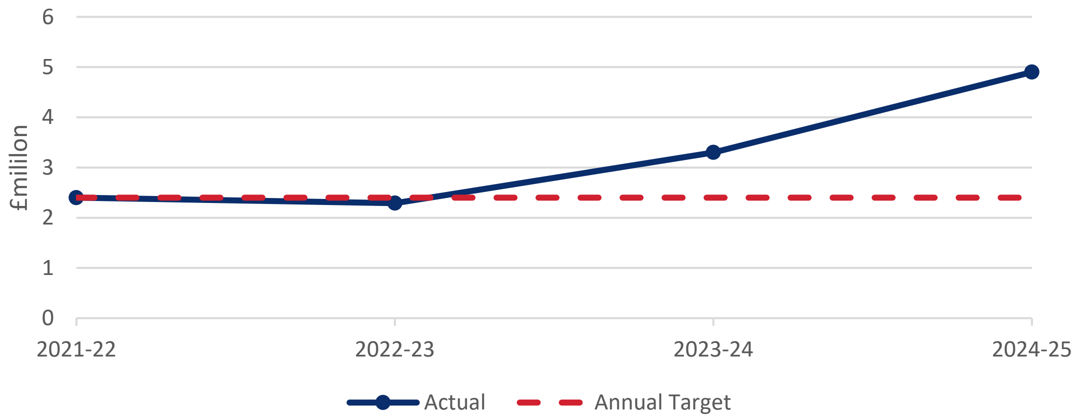


Figure 18: Minimum Commercial Savings

(Figure 18 shows a steady upward trend, reaching £4.9 million in 2024-25; continuing to exceed the £2.4 million annual target)

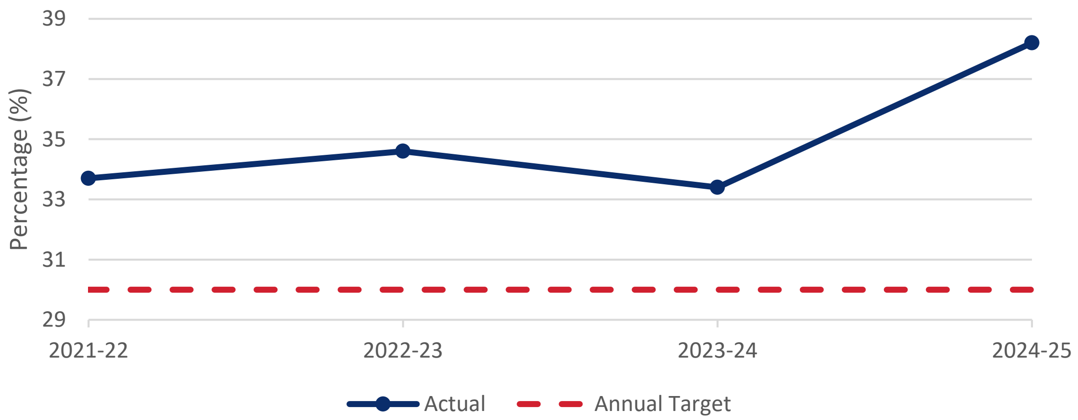


Figure 19: Spend with SMEs

(Figure 19 has been steady with an upward trend reaching 38.2% in 2024-25; this remains above the 30% annual target)

	2024-25	2023-24	2022-23	2021-22

Corporate centre - IT running costs as % of overall expenditure	12%	12%	12%	-

Table 5: Corporate centre - IT running costs as % of overall expenditure

Sustainability

We are now into the third 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 Sustainability 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. We have made great progress towards monitoring our impact as well as managing our risks and opportunities and planning for our future. This has been achieved through the implementation of a Combined Management System (CMS) aligned with the associated ISO standards for Environmental (ISO 14001) and Health and Safety (ISO 45001) management.

Our improved data collection and analysis has meant that most of our targets have been met. This puts us in good stead for the new Greening Government Commitments which require a new baseline in 2025-26. This has also allowed us to highlight our environmental hotspots including paper use and business travel. Both of which are priorities for our agency to target going forward.

Our agency has had no reported environmental incidents in the year 2024-25.

Taskforce on Climate-Related Finance Disclosures - Phase 2 Report

Our agency has adhered to the Taskforce on Climate-Related Finance Disclosures (TCFD) aligned disclosure application guidance issued by HM Treasury, which adapts the TCFD framework for the UK public sector.

In compliance with the TCFD recommendations, we have provided disclosures on the following areas which align with the central Government's TCFD-aligned disclosure implementation timetable:

- **Governance:** We have fully disclosed the governance structure and processes in place for overseeing and managing climate-related risks and opportunities, in line with the recommended TCFD disclosures
- **Metrics and Targets:** We have reported our progress towards the Greening Government Commitments (GGC), which include emissions reductions and sustainability goals. Detailed disclosures are provided in the section below
- **Risk Management:** We have outlined our approach to identifying, assessing, and managing climate-related risks, ensuring alignment with TCFD's risk management recommendations

This report reflects our ongoing commitment to transparent climate-related reporting. As we continue our efforts, we plan to enhance our Phase 3 report by including disclosures on Strategy, as outlined in the Government's implementation schedule.

Agency Governance of Climate-Related Issues and Opportunities

Our sustainability aims and objectives are guided and executed through several key strategic groups within our agency. These include the Board, Executive Leadership Team (ELT), Environmental Strategy Group (ESG), Sustainable Procurement Working Group, and our Environmental Champion network.

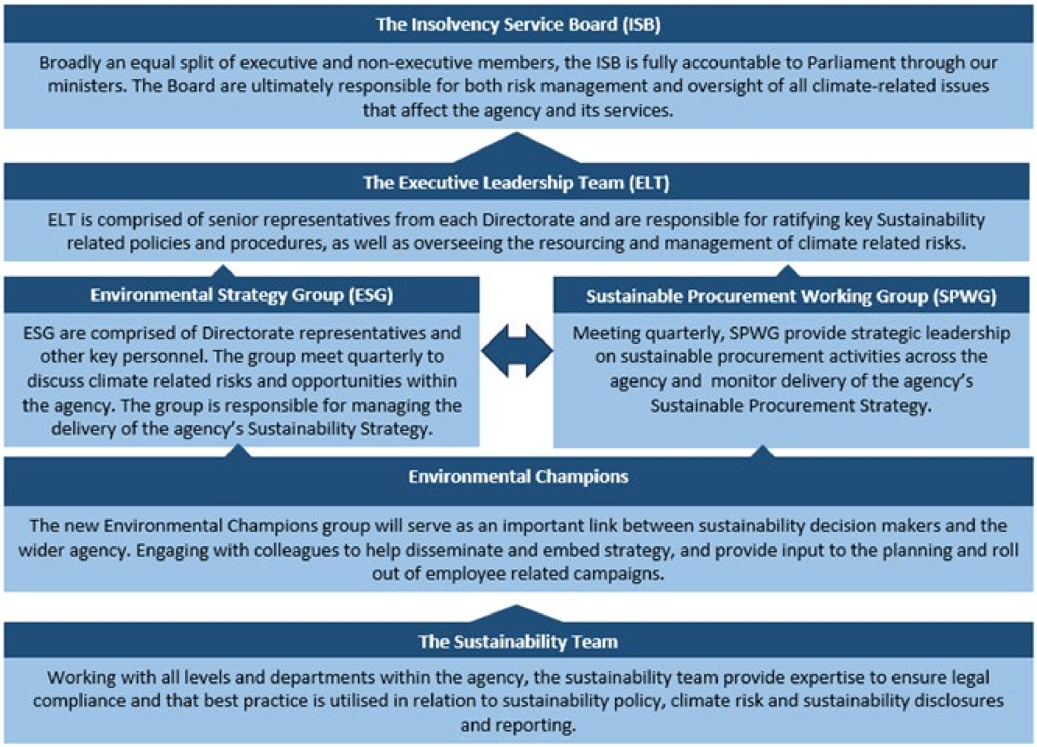
Together, they provide leadership, oversight, and support for the implementation of our climate-related risks and opportunities. However, we acknowledge that achieving our climate goals requires the engagement and involvement of all staff. To foster a collaborative approach, we regularly conduct surveys and consultations to gather input and feedback from across our agency, ensuring inclusivity in decision-making and progress tracking.

The ESG and ELT handle the operational responsibility for assessing and managing climate risks. They identify physical and transition risks and develop mitigation strategies as outlined in the Risk section of this report.

Management ensures climate considerations are embedded across all departments, aligning with our agency’s overall goals. Regular updates are provided to the Board to keep leadership informed of emerging risks and initiatives.

The Board is responsible for setting direction, approving strategy, and ensuring resources are allocated to manage climate risks effectively. Climate related risks are currently raised on the ‘Finance, Commercial, Sustainability, and Property’ Risk Register. As part of our Phase 3 TCFD implementation in 2025, the Sustainability team will be running workshops across our agency on scenario testing to feed up to the board to assess if Climate Change and varying impacts are material and should be escalated to our agency wide risk register.

In alignment with best practices, our agency has implemented a CMS based on ISO14001 (Environmental Management) and ISO45001



(Health and Safety). This system strengthens our governance processes and facilitates ongoing improvements in climate-related risk management. As part of this approach, our management review structure will be revisited to further enhance our agency's existing governance framework for addressing climate-related risks.

INSS climate related risk governance structure

Metrics and Targets

We have monitored and measured our Greenhouse Gas (GHG) emissions in accordance with the GHG Protocol. Using the Department for Environment, Food, and Rural Affairs (DEFRA) conversion factors for the correlating year, we have been able to disclose relevant Scope 1, 2, and 3 emissions:

Scope 1 - Natural gas (excluding fugitive emissions data - data awaited from 3rd parties)

Scope 2 - Purchased energy

Scope 3 - Business travel, paper use and water

We submit reports of our emissions to the Department for Business and Trade (DBT) quarterly and annually for the GGC. These are detailed later in the document in absolute figures.

In 2024-25, we began looking at assessing climate risk among our customers. We are currently gathering data to determine whether climate change has contributed to businesses seeking insolvency. This analysis will help us monitor the potential impact on businesses and enable us to plan proactively for any increase in insolvency cases that may arise in the future.

Risk Management

As part of the CMS, our agency uses a climate risk register to monitor and assess climate-related risks that could affect operations. Identified risks are assessed based on their potential impact and likelihood. This involves:

- **Physical Risks:** Evaluating risks related to extreme weather events (acute) and long-term climate shifts (chronic), such as flooding or temperature variations, and their potential effects on infrastructure and operations
- **Transition Risks:** Assessing risks from regulatory changes (e.g. carbon pricing), technological advancements, or market shifts towards low-carbon alternatives
- **Integration with GHG Emissions Reporting:** The risks are aligned with emissions reporting methodologies (e.g. GHG Protocol) to ensure consistency and transparency in tracking the organisation's carbon footprint

Risks are prioritised based on their materiality to the organisation. High-priority risks, particularly those with significant financial, operational, or reputational impact, are given immediate attention. Actions required, as highlighted through this process are actioned through the CMS for implementation and continuous improvement.

Our agency ensures that climate risks are reviewed regularly as identified within the CMS. This allows for updates to risk assessments based on new data, emerging trends, or changes in regulations. This is done through a cross directorial approach using the governance structure mentioned above.

Climate Change Adaptation

Our agency is committed to supporting the transition to a net-zero economy by 2050. We are integrating climate risk considerations into our operations as well as our work with customers. Through regulatory frameworks, we are transparent with our carbon emission reporting and our strategy to reduce our environmental impact. By advancing these efforts, we aim to contribute to the UK's climate goals while maintaining economic stability and integrity within the insolvency sector.

A climate change risk assessment has been integrated into our agency's new CMS. This marks the first step in evaluating the potential impact of climate change on our operations. In 2025-26, workshops will be conducted across all directorates to engage teams in developing our Climate Change Adaptation Strategy.

These sessions will also ensure that every team is actively considering both near and long-term risks posed by climate change.

Greening Government Commitments

We remain committed to supporting the Government's efforts to minimise its environmental impact. The current GGC (2021-25) use 2017-18 as the baseline year. However, following the Machinery of Government Change that saw the Department for Business, Energy and Industrial Strategy merge with DBT, our agency agreed with DEFRA and DBT to establish a new baseline year of 2022-23 to support our Net Zero initiatives.

Our target for overall emission reduction was to achieve lower than our agreed baseline (2022-23) carbon emissions of 374.47 tonnes CO_2e. Currently, our total emissions are 648 tCO_2e, this is made up of 112 tonnes CO_2e Scope 1 (Natural gas), 155.8 tonnes CO_2e Scope 2 (Purchased energy) and 380 tonnes CO2e Scope 3 (Travel, Hotel, Well To Tank and Travel and Distribution).

Since the establishment of this measure and target, our data collection process has improved.

Not only this but office attendance has been increasing since COVID-19 with the mandated 60% office attendance. Consequently, we will be revising the targets for the 2025-26 period. This will also allow us to align our baseline with the new GGC framework (2025-26).

The offices in scope for mandated reporting related to office use are listed within the table below. Please note that not all agency offices are covered in our GGC submission. Specifically, our offices in Edinburgh, Cardiff, and Croydon are reported under HM Revenue & Customs' GGC submission.

Region/ Country	Location	Region/ Country	Location
East Midlands	Nottingham	**South West**	Exeter
Eastern	Ipswich	**Wales**	Cardiff
London	Stratford	**West Midlands**	Birmingham
North East	Newcastle	**Yorkshire and Humber**	Leeds
North West	Manchester	**Scotland**	Edinburgh
South East	Croydon		

Table 6: INSS Regional Centres

Energy Use

Although the data indicates an increase in electricity and gas usage, it is important to note that the figures we receive for our office consumption are largely based on estimates, due to our presence in shared occupancy spaces.

Additionally, several office relocations and closures have resulted in overlapping usage data across certain months. With our recent onboarding to the Government Property Agency (GPA), we anticipate improved accuracy and consistency in the data we receive moving forward.

	Mains Standard grid electricity[1]			Natural Gas[2]		
	2024-25	**2023-24***	**2022-23**	**2024-25**	**2023-24***	**2022-23**
Usage (kwh)	553,0201 199,359	656,809	554,176	612,572	351,283	[3]
Emissions (CO_2e t)	206.8	180.53	116.97	130.5	74.87	
Expenditure (£)[4]	[5]	159,792	142,653	11,498	9,356	9,040

*This data has been updated and may differ from previous versions of this report.

Table 7: INSS Energy Use 2022-25

[1] Some of our offices are on green electricity tariffs. We were only able to determine this from 2024-25 and has been reported separately in the table.
[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.
[5] Data not available at time of report

Water

The GGC target was to reduce water consumption by 2% from 2022-23 by 2024-25.

	GGC reporting year 2024-25	GGC reporting year 2023-24	GGC reporting year 2022-23
Water (m^3) [1]	1,664	3,664	4,176

Table 8: INSS GGC Summary Data 2021-25

[1] Figures estimated based on industry estimates where data was unavailable as Regional Centres have sub metering for water use.

Currently, we are unable to accurately report our performance against the water reduction target, as our water usage data is based on industry estimates rather than actual measurements. While this limits our ability to track precise reductions, we remain committed to supporting our overall goal through behavioural change initiatives. Through the newly established Environmental Champion Network, we will promote water-saving practices across our agency to drive meaningful impact where measurement is not yet possible.

Transport

The GGC target relating to travel was to reduce the emissions from domestic business flights by at least 7% from 2022-23 baseline by 2024-25.

	Distance (km)			CO_2e (t)			Expenditure (£)		
	2024-25	2023-24	2022-23	2024-25	2023--24	2022-23	2024-25	2023-24	2022-23
Non-fleet vehicles	263,589	308,977	370,454	43.06	51.36	63.23	70,847	99,285	210,891
Rail	3,024,641	2,182,850	1,995,576	107.25	77.41	70.82	859,350	631,434	562,240
Taxi[1]	18,916	9,232.26	1,860	4.40	2.38	0.28	18,760	15,418	3,867
Domestic Flight (Economy)	39,851	42,115	74,123	6.42	6.78	9.64	16,580	9,513	13,977
Short Haul International (Unknown)	5,898			0.65			9,093		
Short Haul International (Economy)	3,508	15,730	26,959	0.38	1.70	2.15			
Long Haul International (Average)	43,890			6.77					
Long Haul International (Economy)	47,476			5.61					
Long Haul International (Premium Economy)		11,119	11,114		2.10	1.39			

Table 9: INSS Travel Data 2022-25

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

We have achieved a reduction of 5% tCO2e from 2022-23 from domestic business flights, slightly under the target. This is likely caused by our enhanced our data collection and analysis process throughout 2024-25, resulting in more accurate emissions data. However, these improvements will position us well to establish a new baseline for the 2025-26 reporting year, aligning with the upcoming GGC framework.

In 2024, our agency launched a new Business Travel Procedure to consolidate our existing travel and subsistence policies with our new Sustainable Travel Plan. This encourages staff to utilise more sustainable travel choices will help support our aim to reduce emissions from business travel.

Waste

Improved GGC Targets for 2024-25 (based on 2022-23 baseline) included reductions in the proportion of total waste sent to landfill to less than 2% and increase the proportion of total waste that is recycled to at least 13%.

	2024-25	2023-24*	2022-23*
Waste recycled externally (excl. ICT waste[1])	42	53	54
Waste reused externally (excl. ICT waste)	0	12	0
Composted or anaerobically digested	1	1	0
Incinerated with energy recovery	27	22	2
Total waste diverted from landfill	70	88	56

*This data has been updated and may differ from previous versions of this report.

Table 10: INSS Waste Data 2022-25

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

Whilst we collect data on the waste produced at our offices, it is important to note that we operate in a multi-occupancy office space. The waste data is provided by a third party and is allocated based on the proportion of office space we occupy, rather than reflecting the waste directly produced by our agency.

As a result, the data may not accurately represent our specific waste output. This also means we are unable to provide a financial figure for waste disposal as this is included within our management fees. Through the new Environmental Champion Network, we will be focussing on promoting behaviour changes to support this overarching goal.

We do not currently record consumer single-use plastics disposal as we do not have any catering contracts. However, we are in the process of improving the way that we measure and record potential single use items from our supply chains as part of the upcoming Procurement Act 2023 and new GGC requirements.

Paper

	Amount (t/ A4 reams equivalent)			Expenditure (£)		
	2024-25	2023-24	2022-23	2024-25	2023-24	2022-23
Paper Usage	3,476	3,744	3,682	18,139.62	21,218.80	16,425.80

Table 11: INSS Paper Usage 2022-25

We have achieved a 7% reduction in paper use since 2022-23. Although our target has been missed, we have worked to improve our monitoring of paper use and have created a new Paper Reduction Working Group in 2024. This group is in place to advise on best practice and make recommendations on how our agency can reduce paper use in support of our agency's Sustainability Strategy, Sustainable Procurement Strategy, associated Environmental Policy, and Greening Government Commitment Targets. Over the past year, the focus has been on data collection and information on behaviour across our agency. It is intended that in 2025-26 we will see significant environmental savings from paper procurement.

Sustainable Construction

Our agency is rationalising its estate and reducing the number of offices to 11 regional hubs. In line with our sustainability goals, the Transforming Workplaces team has been collaborating with Crown Workspace.

Following the completion of all contracted site clearances, data on waste recycling and recovery was provided. Crown Workspace's Circulate initiative places the circular economy at the heart of the workplace, enabling asset redistribution both within and beyond our organisation. This process benefits the environment, society, and our agency, while also creating financial, environmental, and social value.

Our agency prioritises waste prevention and, where waste is generated, maximises recycling efforts. Crown Workspace partners with licensed recycling and waste management firms, ensuring full compliance documentation for our records.

According to Crown Workspace's industry standards ('Waste and Resources Action Programme' and 'Furniture Industry Research Association' approximations), "saved" and "diverted" in this context refers to emissions reductions achieved by reusing assets, thereby avoiding new manufacturing. This effort also diverts the weight of these items from waste streams.

Successful site clearances took place at Cardiff, Exeter, Plymouth, Leeds, and Southampton, with items resold to external partners or donated through the Giving Back project.

The initiative supports schools, charities, and social enterprises. Notable donations included office furniture such as desks, tables, and cabinets, with contributions to organisations like Mason Moore School, YMCA, and Future Horizons.

Some 1,358 assets were evaluated and reuseable rates were good at over 52% at each clearance with reuseable rates rising to 77% at Southampton and 90% at Plymouth. 302 items were donated to 'Giving Back' project and 617 furniture items were resold through the resale partners and another 103 items reused internally.

The redistribution of the furniture assets resulted in 45 saved tonnes of CO_2e and 23 tonnes diverted. £15,100 of social value was delivered and £2,123 saved in rebates.

Procuring Sustainable Products and Services

Almost a third of our agency's annual expenditure goes towards procuring goods and services, which have both local and global environmental impacts. Our Environmental Policy outlines objectives to reduce and mitigate these impacts, and we expect suppliers to demonstrate how they will meet these goals.

In addition, the Public Services (Social Value) Act 2012 requires public authorities to consider social, economic, and environmental benefits in commissioning contracts. We are committed to incorporating Social Value into our procurement process and will be updating our policies and procedures to align with Procurement Policy Note 002: Taking account of Social Value in the award of central Government contracts.

Our agency's Sustainable Procurement Working Group has developed a Sustainable Procurement Strategy, aligned with our broader strategic goals, including modernising technology, shaping our agency as a great place to work, and ensuring financial sustainability. This strategy provides guidance on integrating our Environmental Policy and sustainability objectives into procurement.

In November 2024, we appointed a Sustainable Supply Chain Lead to collaborate with Commercial staff and requirement leads, ensuring sustainability is embedded throughout the procurement lifecycle. This role is crucial in ensuring compliance with procurement legislation and policy updates.

Our agency has also adopted DEFRA's flexible framework for sustainable procurement, conducting a full review in January 2025, following an initial benchmarking in November 2022, which showed significant progress.

We have established minimum refurbishment standards aligned with Government priorities for a sustainable estate. Our building contractors are expected to meet high standards for environmental performance and social value, with these requirements embedded in the tender documents for all contractors working on our behalf, including:

- A minimum energy DEC rating of B is required for newly refurbished offices, in line with the target adopted from the GPA
- Compliance with all applicable environmental legislation e.g. the Waste Regulations and The Environment Act 2021
- Fully aligning with existing and upcoming International and National priorities e.g. Sustainable Development Goals and the UKs 25 Year Environment Plan
- A commitment to continuous environmental improvement, demonstrating best practice and supporting innovative approaches, including the application of Circular Economy principles

- Applying a minimum 10% Social Value weighting to all tender documents in scope
- Applying a minimum 10% Environmental Sustainability weighting to all tender documents in scope
- Compliance with the Government buying standards
- Supporting us in achieving the objectives outlined in the Greening Government Commitments and the Greening Government ICT and Digital Services Strategy

ICT and Digital

Our agency has adopted the Greening Government: ICT and Digital Services Strategy, which outlines the Government's vision to be a global leader in sustainable ICT. As part of this, we complete an Annual Report detailing our emissions from data hosting, energy consumption from hardware, management of ICT waste, and progress against sustainability strategy statements.

Where appropriate, we assess social value and environmental sustainability as part of the tender evaluation process, and our Sustainable Supply Chain Lead works with Commercial to ensure that the principles of sustainability (including circular economy principles) are embedded into all our ICT contracts.

Biodiversity and Nature Recovery

A draft Biodiversity and Nature Recovery Plan has been developed to guide our agency’s efforts in supporting local ecosystems and promoting behavioural changes. While we do not own land or buildings, the plan focuses on enhancing our employees' mental wellbeing through greater interaction with nature. Once the new GGCs are confirmed, the draft plan will be reviewed to ensure alignment with these commitments. The plan will then evolve into a living document, with progress to be reported in the 2025-26 reporting year.

Health and Safety at Work

Improvements have been made during 2024-25 to the way that our agency manages its Occupational Health and Safety. This includes the implementation of a new CMS aligned to both Environmental Management (ISO14001) and Health and Safety (ISO45001). Our agency has a new CMS manual and improved procedures to monitor its health and safety performance and to ensure compliance and continual improvement.

Our agency has improved the governance of its Occupational Health and Safety with the adoption of a new Health and Safety Policy and a new Health and Safety Strategy Group.

Improvements have also been made to reporting and new objectives set to ensure that we maintain a high level of health and safety provision. Our Health and Safety Annual Report has been aligned with the requirements set out in ISO45001, and we will also now produce a bi-annual update for senior leaders.

There were no incidents in 2024-25 that required reporting to the Health and Safety Executive under the reporting of Injuries, Diseases and Dangerous Occurrences. A total of 16 accidents, five medical incidents and seven near misses were reported. The root causes of these were reported as due to human error (29%), faulty equipment (21%), ongoing medical conditions (21%), trip hazards (14%), building issues (11%), and weather conditions (4%).

Financial Analysis

Financing

We are financed through a combination of both funding and income from four main sources:

1. Funding from our sponsor Department, the Department for Business and Trade (DBT). During 2024-25 this amounted to £46.6 million (2023-24: £80.2 million) of which £0.4 million was for capital (2023-24: £2.1 million) (see Statement of Changes in Taxpayers Equity). The decrease of £33.6 million is due to the introduction of the new Companies House income stream replacing DBT funding, this was offset by an increase in funding of £4.6 million to cover the cost of Debt Relief Order (DRO) administration.
2. A new income stream started from 1 May 2024 from Companies House fees under the Economic Crime and Corporate Transparency Act 2023. This amounted to £51.6 million (2023-24: £0.0 million) and is used to cover the costs of investigation and enforcement activities which increased during 2024-25 due to the additional responsibilities given under that Act. Previously this activity had been funded directly by DBT (see Note 1(l) and Note 4).

3. Income from HM Revenue & Customs' (HMRC) National Insurance Fund (NIF) to undertake administration of the Redundancy Payment Service. For 2024-25, this amounted to £8.9 million (2023-24: £9.5 million) (see Note 4). We also received funding from HMRC NIF to make payments to individuals who have been made redundant where an insolvent employer is unable to pay redundancy. The funding for these payments for 2024-25 was £458.2 million (2023-24: £465.3 million) (see Statement of Changes in Taxpayers Equity).
4. Income generated from fees charged for work carried out on Insolvency case administration by the Official Receiver Services. Income recognised in 2024-25 was £51.6 million (2023-24: £60.4 million) (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 agency's fees recognised are £43.9 million (2023-24: £48.0 million).

Financial Results

We are reporting a £13.6 million surplus against our DBT Resource Departmental Expenditure Limit budget allocation for the financial year 2024-25. This was mainly due to a combination of small underspends across a range of activities along with:

- A lower than anticipated income shortfall from fees and charges, which was £15.2 million vs £15.0 million of agreed budget cover
- Funding secured during the Spending Review in 2021 for Companies House reform implementation replaced by the new fee funded income stream
- Lower than anticipated major casework costs
- Lower than budgeted pay bill costs

For the new investigation and enforcement income stream from Companies House fees we reported a £3.7 million surplus against this budget, mainly driven by delayed implementation requiring changes to workforce recruitment plans, which resulted in reduced pay bill costs.

Expenditure

Our total operating expenditure compared to 2024-25 has decreased by £13.3 million to £648.6 million (see Statement of Comprehensive Net Expenditure). This decrease is driven by a reduction in Redundancy Payment Service payments of £14.2 million due to a decrease in the number of awards made compared to last year.

Income

Note 4 shows that total operating income has increased by £36.0 million to £156.0 million. This is mostly due to the introduction of the £51.6 million income stream from Companies House, whereas income from fees charged to cover the cost of insolvency case administration reduced by £8.8 million.

Assets

As of 31 March 2025, we had assets of £377.0 million. Our assets include property, plant and equipment, intangible assets, financial assets, trade receivables, cash and cash equivalents. £149.7 million of this related to receivables and other debt assets, along with £208.0 million of cash and cash equivalents.

Assets have increased this year by £11.9 million compared to last year, most of this is due to an outstanding sales debtor at year end with Companies House.

Liabilities

As of 31 March 2025, we had liabilities of £71.0 million, an increase of £11.0 million since last year. Included in this is £50.2 million related to trade payables and provisions which had increased by £8.5 million from last year. The balance, due to the Consolidated Fund, now stands at £7.7 million, a decrease compared to last year of £4.7 million (see Note 11).

The net position of assets and liabilities held by us on 31 March 2025 was £306.0 million (see Statement of Financial Position).

Capital

In 2024-25, our capital expenditure was £4.1 million (2023-24: £5.7 million). This expenditure related to the creation of additional right of use assets on office leases, see Note 6.

Where we spent our money

Redundancy Payment Service: £490.6 million (2023-24: £504.8 million)

We are responsible for making payments from the National Insurance Fund to employees who have been made redundant because of an insolvency, and where the employer has certain debts due to its employees other than redundancy (e.g. unpaid wages, holiday pay, notice pay etc). 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 re-imburses us daily for the claims paid out.

Permanently Employed and Other Staffing Costs: £107.4 million (2023-24: £99.3 million)

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: £23.2 million (2023-24: £22.8 million)

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 continued our journey to modernise the technology used by our customers and our people.

Investigations: £3.1 million (2023-24: £3.1 million)

This represents that 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 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 arises from staff costs.

Civil and Criminal Legal Costs: £3.8 million (2023-24: £5.6 million)

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 for example on drafting new criminal offences and enforcement strategies. As part of our criminal enforcement activity, we pursued confiscation to deprive criminals of the proceeds of their crime.

Estates: £5.2 million (2023-24: £5.0 million)

We spent this on accommodation costs, including operating leases.

Non-Cash Items: £5.5 million (2023-24: £11.4 million)

This represents items including depreciation and amortisation (which represents the reduction in value of tangible, right of use, and intangible assets over time), write-offs and expected losses, provisions for obligations payable in the future, accounting adjustments for the time value of money (discounting) and audit fee.

Other Costs and General Administration: £9.6 million (2023-24: £9.9 million).

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: £51.6 million (2023-24: £60.4 million)

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

Redundancy Payment Service Recovery: £39.3 million (2023-24: £39.8 million)

This is income from cash receipts and estimated future recoveries.

Companies House: £51.6 million (2023-24: £0.0 million)

This is a new income stream in 2024-25. This income is from Companies House fees and is used by our agency to cover the costs of investigation and enforcement activities. For more information see Note 1(l).

Redundancy Payments Administration: £8.9 million (2023-24: £9.5 million)

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

Debt Relief Order Fee Income: £0.0 million (2023-24: £3.0 million)

This relates to income received regarding Debt Relief Orders (DRO) 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 has ended with the DRO administration costs now funded by DBT.

Online Debt Solutions and Other Debt Solutions: £1.7 million (2023-24: £1.7 million)

This includes Individual Voluntary Arrangements and Deeds of Arrangements fees.

Investigation, Enforcement, and Criminal Enforcement: £2.3 million (2023-24: £4.7 million)

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

Insolvency Practitioners' and Banking Fees: £1.3 million (2023-24: £1.5 million)

This is income from the regulation of insolvency practitioners' income and recovery of banking fees.

Rental Income: £0.2 million (2023-24: £0.3 million)

This is income 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.

Signed:

Alec Pybus
Interim Chief Executive
Date: 11 July 2025

Accountability Report

Accountability Report

The Accountability Report is comprised of three sections:

- Corporate Governance Report
- Remuneration and Staff Report
- 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, 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 of:

- Parliamentary Accountability Disclosures
- The Certificate and Report of the Comptroller and Auditor General to the House of Commons

By adhering to the Government Financial Reporting Manual requirements and best practices with Corporate Governance standards and codes, we can effectively demonstrate accountability to Parliament through the Accountability Report.

Corporate Governance Report

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 our agency during the year are as follows:

Executive Members

Dean Beale[1] - Inspector General and Chief Executive

Angela Crossley - Strategy, Policy and Analysis Director

Daniel Goad (until February 2025) - People and Communications Director

Chantel Kelly (from November 2024) - Finance, Commercial, Sustainability and Property Director

Christopher Pleass (until November 2024) - Finance, Commercial, Sustainability and Property Director

Alec Pybus - Chief Operating Officer

[1]Dean Beale left the Insolvency Service on 12 May 2025 and was succeeded by Alec Pybus as Interim Chief Executive on the same date

Non-Executive Members

Mark Austen - Chair of the Insolvency Service Board

Frances Coulson

Samantha Durrant

Robert Hunt

Gary Kildare

Lorcan O'Connor (from April 2024)

Eoin Parker

Company Directorships 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 provide a true and fair view of the state of affairs of the Insolvency Service and its income, 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 consistently apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis

- Confirm adherence to the applicable accounting standards outlined in the Government Financial Reporting Manual, disclose and explain any material departures in the Accounts, and prepare the Accounts on a going concern basis
- Confirm that 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’s 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

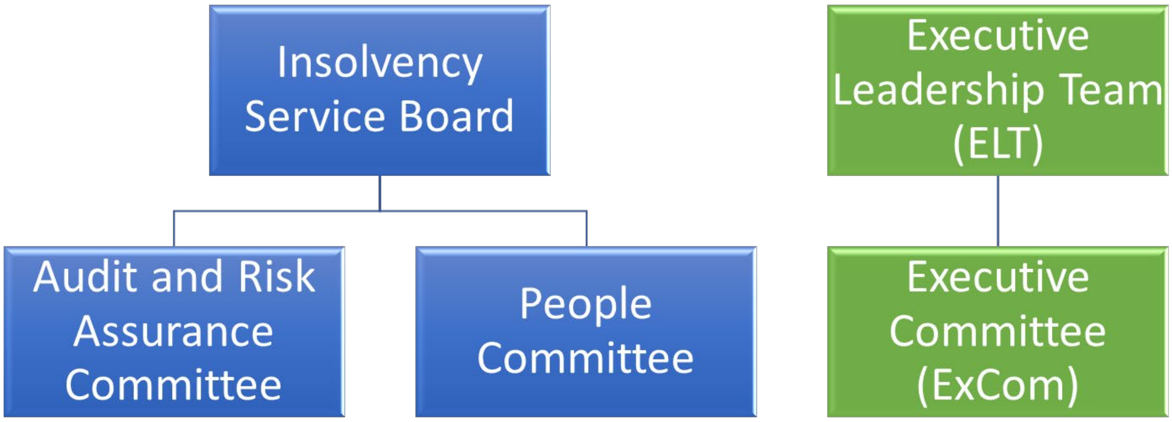
As Accounting Officer, and interim Chief Executive further to my appointment in May 2025, I am responsible for the governance, risk management, and internal controls within the Insolvency Service. These controls ensure that our agency meets its objectives whilst adhering to the principles of 'Managing 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 2024-25.

As Interim Chief Executive I am supported by the Insolvency Service Board (ISB) and my Executive Leadership Team (ELT). Our 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 our 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 our agency. This includes setting strategic aims and objectives, ensuring that necessary leadership and resources are in place to deliver these aims, challenging and supporting management performance, and reporting to 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 Chief Executive and executive team holding them to account for our agency's performance, taking collective responsibility for the Insolvency Service's overall success.

The ISB met eight times during the year, including an away day looking at strategy. Matters considered by it included:

- Regular review and scrutiny of progress against the 2024-25 Annual Plan and targets
- Approval of our agency's budget for 2024-25
- Progress of the implementation of our agency's five-year strategy
- The adequacy of resources to deliver our agency's strategic objectives and operations
- Strategic priorities for our 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. The Board also reviewed agency risk appetite at their meeting in November 2024

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. Our agency's strategic risk register is reviewed quarterly by the ARAC and bi-annually by ISB.

There have been no ministerial directions given to our agency during 2024-25.

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

The **ARAC** is chaired by an appropriately qualified independent NEBM. Its membership comprises three further NEBMs. I attend along with the Finance, Commercial, Sustainability, and Property Director, and the internal and external auditors. Other senior leaders attend as required.

ARAC supports me as Accounting Officer by receiving and reviewing reports from both internal and external auditors. It reviews the annual financial statements prior to publication and provides assurance to 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 our agency Annual Report and Accounts and ISA (White Paper) Accounts
- Regular reviews of our agency risk register and risk management
- Scrutiny of fraud and error incidents

- Regular reviews of our agency’s finance management reports
- Assurance reviews of the following areas:
    - Commercial Controls
    - Cyber Security
    - Insolvency Practitioner Regulation
    - Fraud and Error

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:

- People Strategy
- Staff Engagement and Culture Change
- Diversity, Inclusion, and Wellbeing
- Health and Safety
- Talent Management and Succession Planning
- Change Capability
- Future State Organisational Capability

People Committee is chaired by an independent NEBM. It also includes two other NEBMs, two executive board members and one external committee member. The People Committee met three times during the year. 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 **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, our agency's performance targets.

The following table summarises NEBM attendance at ISB, ARAC and People Committee meetings held between April 2024 and March 2025.

Non-Executive Board Members	Insolvency Service Board (ISB)	Audit and Risk Assurance Committee (ARAC)	People Committee (PC)
Mark Austen (Chair of ISB)	8/8	N/A	3/3
Robert Hunt (Chair of ARAC)	8/8	4/4	N/A
Samantha Durrant (Chair of People Committee)	8/8	N/A	3/3
Gary Kildare	8/8	4/4	N/A
Eoin Parker	8/8	N/A	3/3
Frances Coulson	8/8	4/4	N/A
Lorcan O'Connor*	8/8	3/3	N/A

* Lorcan O'Connor joined ARAC in September 2024

Compliance with the Corporate Governance Code

The HM Corporate Governance in Central Government Departments: Code of Practice applies to our Sponsor Department. The principles generally hold across other parts of central Government, including arm's length bodies, which are encouraged to adopt the principles in the code wherever relevant and practical. The Code advises annual board effectiveness evaluations are undertaken, with an independent one occurring at least every three years.

The most recent Board effectiveness evaluation exercise was undertaken in 2023; it was an external review.

This review found many areas of board effectiveness good practice, with some areas for further development. Key strengths were identified in the breadth of skills and experiences, the balance of support and challenge the stronger sense of customer focus and the well-developed ways of working of the Audit and Risk Assurance Committee.

Areas for development were Board composition and role clarity, Board dynamics and Board enablers.

These have been addressed via an Action Plan approved by the Board in 2024. Work on the actions progressed thereafter, with seven of the 13 fully resolved by 31 March 2025. Six others are continuing to proceed, with completion expected in 2025. There was, therefore, no Board effectiveness evaluation undertaken in 2024.

Early work on the relevance and practicalities of adopting a Board Operating framework are underway in the Chief Executive's Office.

Strategic Planning Review

During 2024-25, our agency has successfully delivered the penultimate year of our five-year strategy. The ambitious programme of projects aims to deliver a modernised, responsive, and sustainable service that puts customers at the heart of everything we do. Alongside delivery of our current strategy, our agency has begun work to develop a new long-term strategy to be launched in 2026 and which will build on the progress we have achieved over the last few years. This evidence-based work has been informed by extensive engagement with our people and external stakeholders and is underpinned by strategic analysis.

Risk and Internal Control Framework

Risk Management Framework

Risk management is a key aspect of our agency's internal control framework. A fundamental part of our 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. 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 are scrutinised by the ARAC at each meeting to ensure its effectiveness. 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.

Within the last year, our agency has updated its risk categories to align with HM Treasury's standards in the Orange Book.

It has also reviewed and refined its risk appetite to be reflect these categories and enhance robustness to its risk management.

Significant Issues

Our agency dealt with the following significant issues in 2024-25:

Our 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.

Our 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 HM Revenue & Customs (HMRC) in 2018. 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, our 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, what other payments it was paid in conjuncture with, 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 our agency is required to perform the calculations, deductions, and reporting of ‘Pay As You Earn’ and NICs on the claimant’s specific earnings to HMRC.

Following further discussions with HMRC, RPS, with the assistance of Government Lawyers, modelled 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 to those scenarios as feedback was received.

We have continued to engage with HMRC throughout the current financial year, during the period our agency successfully agreed an appropriate methodology to calculate National Insurance (NI) on taxable components. Work is now underway to remediate the calculation engine with the discovery phase commencing in Q2 of 2025-26. Payments will be recalculated in line with revised HMRC guidance. In order to recalculate, our agency will have to contact claimants since December 2021 to obtain additional information in order to determine the recipient’s earnings period and for their bank details. The project is due to finish in 2027-28.

In order to quantify the potential error, our agency has modelled scenarios to assess the potential impact of applying the calculation engine changes advised by HMRC in 2023-24.

As such we cannot, with total accuracy, estimate the value of the impact as we do not retain usual earnings period data and modelling the waterfalling of some payments before the implementation of a remediated calculation engine is not practicable.

Therefore, we have devised an appropriate estimation model that will provide a material approximation of the size of the error. This methodology calculates the NI on each component using a weekly, and monthly threshold and then creates a blended average to reflect the composition of payment frequency in the wider economy.

Based upon this methodology, we estimate a potential £0.9 million under deduction and a £2.0 million over deduction of national insurance across c.112,000 individual components in 2024-25. The gross value of these deductions represents c.0.6% of the total value of RPS payments of c.£487.0 million. The median over deduction is c.£24 and the median under deduction is c.£30.

On a cumulative basis since December 2021, we have issued payments with total estimated over deductions of £7.1 million and under deductions of £4.7 million. This compares to total RPS payments of £1.6 billion over the four financial years impacted. The cumulative value of over deductions, £7.1 million, has been classified as a provision, details of which can be seen in Note 12.

Given the low median values of under-deductions, many of these will be written off as uneconomic to recover, as many components fall below our agency's internal de minimis. Larger balances will be recovered through our agency's established debt recovery processes within RPS, though noting that the process to recover these will have to be agreed with HMRC. Our agency will then explore the costs of issuing additional payments and devise an appropriate approach in conjuncture with HMRC to make, where appropriate, additional payments to correct over-deductions.

Our 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 our 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. Our 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, e.g. may lead to gaps in an individual's national insurance contributions record, affecting their entitlement to state benefits.

Key Strategic Risks

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. Our 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 those 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.

Our agency continues to develop our enforcement capabilities to ensure we have the right tools to tackle emerging challenges such as those posed by increasing volumes of digital data in our investigations. We have also played a key role in the implementation of the reforms to Companies House arising from the Economic Crime and Transparency Act 2023.

Our agency may be vulnerable to cyber-attack due to a lack of appropriate controls on its information assets. The risk is actively managed and reflects a significant part of the work of the Change and Technology Services within our agency. Our agency has an overarching strategy for Cyber Security improvement, focussed on three key areas: Culture, Patching, and Network Security.

Actions in the three key areas include compulsory annual bespoke all staff training, system documentation, security patching within specific time frames and an ongoing programme to remove vulnerabilities

Cyber risk will remain a key risk for all organisations for the foreseeable future. Our agency has put corporate controls in place to reduce the level of residual risk. An assessment of our agency's infrastructure is undertaken against the National Cyber Security Centre's Cyber Assessment framework. Measures taken include penetration testing of resources, prompt patching of software (including through a review of contracts) and encryption.

Our agency may fail to proportionality adopt Artificial Intelligence and ensure the data used for decision making is accurate and from reliable sources. Our agency has controls in place structured around Artificial Intelligence's (AI) use in Data Security, Data Quality, People Training and support), Commercial Application, and Counter Fraud.

Furthermore, our agency has contracted expertise to develop an AI roadmap. Alongside this, our agency is part to several cross-Government AI forums in order to identify and share best practice.

Failure to effectively plan and execute change across our agency may negatively impact staff and impact on the ability to make efficiency savings. Our agency has created a Change Management Office to co-ordinate and manage change, which includes the introduction of a new case management system to a large number of staff, and the rationalisation of our agency's estate.

A change management framework has been agreed and will be used for all proportional change. People impacts and impacted stakeholders are identified early in the change process. This is then built into business readiness planning, communication strategies and learning requirements.

Key Operational Risks

Risk of inefficient counter fraud controls in our agency could cause fraud not to be effectively prevented, detected or recovered. Our agency has a counter fraud action plan with measurable targets that is reported quarterly to the Public Sector Fraud Authority and undertakes audits to detect fraud. Fraud risks are prioritised on the basis of data including Fraud Risk Assessment which are drawn from all areas of the business.

Internal Controls

Quality Assurance of Analytical Models

Further to a Government Internal Audit Agency (GIAA) review in 2022-23, all recommendations relating to the assurance of the two business-critical Income models, used by our 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, our agency continues to implement independent review to assure the accuracy and reliability procedure to validate the complex income models.

Through promotion and rotation in Official Receiver Service 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.

To ensure 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 our 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 our 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 were adopted from the Civil Service Employee Policy and constructed 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 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.

Our 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 and the policy is highlighted through internal communications annually.

No issues were raised during 2024-25 that fell within the scope of the policy and were appropriate to investigate within it.

Customer Feedback and Complaints Process

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

- An annual customer satisfaction survey,
- Annual surveys with delivery partners,
- Service exit surveys
- Our complaint process

The customer satisfaction survey is conducted by an independent research agency who uses computer-assisted telephone interviews that typically last around 15 minutes. The delivery partner surveys and exit surveys are conducted in house via an online survey.

The yearly surveys capture the perceptions and experiences of the main customer groups using our services.

Our agency's complaint process consists of two internal tiers with a third external independent review by our oversight regulator the Parliamentary and Health Service Ombudsman (PHSO).

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 five working days to advise the reasons why.

An integral lessons-learned procedure advances our performance while embedding a culture of continuous improvement.

Delegated Financial Authorities

Our agency's budgets are allocated at director-level, in line with approved ExCom and ISB annual budgets that align to directorate plans. Budget positions are reported quarterly to ISB and monthly to ExCom at agency level and monthly to directors at directorate level by Finance Business Partners.

A delegated financial authority system is in place throughout our agency as a key financial control to ensure that formal processes exist for the assessment, approval, and authorisation of expenditure. My financial delegations as Accounting Officer are set by DBT and sub-delegated to directors and senior leaders.

Physical Security

Our agency currently has 13 main and four remote sites across England, Wales and Scotland. The majority of our sites have high protective security control systems.

Our agency ensures that National Protective Security Authority (NPSA), Operational Requirements 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.

Our 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.

During the year, our agency achieved a 100% compliance level in the annual Departmental Security Health Check report against the Security Functional Standard 007. There were no reportable physical breaches of security or protective security issues during the financial year.

Information Governance

Our 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’.

During the reporting year our agency made no reports to the Information Commissioner’s Office.

Compliance with statutory timescales for the provision of information were adequate over the reporting year, with 98% of Freedom of Information and 98% of Subject Access Request responses within statutory timescales. Our agency replied to four Freedom of Information requests and two subject access requests outside the statutory timescales.

Government Functional Standards

Heads of Function and Functional Leads have been appointed across our 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	We did not undertake a peer-review assessment of our performance against the Standard in 2024-25 as anticipated. However, the GIAA will undertake a review of this functional standard as part of our internal audit programme in Q1 2025-26.
GovS 002: Project Delivery	Work is on track to confirm a minimum of “good” standard in all areas with the next assessment taking place April 2025.
GovS 003: Human Resources	All aspects of workforce planning are now fully met after we introduced policies, practices and systems to support workforce planning, identify gaps (including through exits) and any constraints and associated risks to inform decision making.
GovS 004: Property	In 2024-25, periodic reviews have shown that we have seen an average improvement of approximately 10% in the overall Gov004 functional standard ratings. Practice areas which have improved and are particularly worth noting are performance reporting, energy efficiency, and governance and management. A peer review was not undertaken this year as the exBEIS forum disbanded due to a machinery of Government change. We will undertake peer reviews in 2025-26, in line with any DBT plans.
GovS 005: Digital	We have conducted an assessment using the Digital and Data - continuous improvement assessment framework and an improvement plan in under development for 2025-26 implementation.
GovS 006: Finance	As at the end of 2024-25 Finance was fully compliant across all sections of the standard.
GovS 007: Security	Throughout the reporting period, the collective agency security teams have continued to ensure a secure environment for our people and assets. This has included the collective security teams introducing new training and awareness packages, a more robust assurance cycle, increasing levels of engagement and incident reporting across our agency, and enabling the continual improvement of our agency posture across the protective security landscape.
GovS 008: Commercial and Commercial Continuous Improvement Framework	The Commercial Team have achieved a rating of Better, with a score of 78% in the CCIAF assessment for 2025. This is a 3% increase from the previous assessment. However, considering the increase in the CCIAF Standards and the significant changes as a result of the Procurement Act 2023, this is a substantial improvement for the INSS Commercial Function.
GovS 009: Internal Audit	Our agency’s internal audit plan is aligned with its strategic risks and is approved by both the Executive Committee and ARAC. It primarily depends on the GIAA for audit delivery, with which it maintains a close working relationship. Following a self-assessment over the past year, our agency has strengthened its oversight of the audit plan’s delivery by establishing a framework to ensure timely implementation of audit recommendations.

STANDARD	NARRATIVE
GovS 010: Analysis	In 2024-25 we have embedded the new role of Analysis Business Partner, which has increased our capacity for undertaking analysis to support decision making and has contributed to building data literacy in the wider agency. We have also introduced new content on our intranet, that provides guidance to all staff on how to work with data and analysis, and when to seek advice from specialists. A further assessment will be conducted in 2025-26.
GovS 011: Communication	In 2024-25 we undertook work to strengthen our external communications team which has led to increased and improved coverage of the Insolvency Service's work across newspapers, television, social media and radio. We have also boosted capacity across our internal communications and stakeholder engagement teams which will deliver improvements over the coming year, including improvements to the service's intranet. 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, approved by the Insolvency Service Board.
GovS 012:	This standard number has not been allocated to a function/deliberately blank.
GovS 013: Counter Fraud	In 2024-25, our agency conducted a self-assessment against the functional standard and substantially met the criteria. The Public Sector Fraud Authority evaluated our agency's Annual Action Plan for 2024-25 using its continuous improvement framework. Our agency met the 'good' criteria in 12 out of 15 areas, while identifying three areas for improvement. Following the departure of its Counter Fraud Lead in November 2024, our agency recruited a new lead in March 2025. In the 2025-26 period, our agency aims to strengthen its resilience by establishing a network of internal counter fraud professionals, while continuing to participate in the wider DBT counter fraud network.
GovS 014: Debt	As at the end of 2024-25 Debt was on average 78% compliant/partially compliant against all sections of the standard.
GovS 015: Grants	Our 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 GIAA and discussed with and approved by the Executive team. The annual audit plan is informed by our agency's key risks and strategic objectives and is reassessed during the year to ensure assignments focus on business priorities and 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 2024-25 the overall audit opinion given is Moderate.

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

Our agency continues to make good progress and reviews have identified a number of areas of good practice in service delivery, particularly assurance around its business enquiry line. In addition, key financial controls around budgeting, forecasting and planning demonstrate effective service delivery.

Our agency continues to maintain a proportionate level of key controls, and no significant weaknesses were identified.

However, GIAA saw a Limited assurance opinion issued around legal debt recovery, with themes for improvement including improvement on management information and greater automation. Implementation of a case management system will drive benefits here and more widely.

Our agency continues to be proactive in managing actions arising from audit recommendations to closure.

Accounting Officer Conclusion

I have considered the evidence provided regarding the production of the Annual Governance Statement and the independent advice and assurance provided by the Audit and Risk Assurance Committee. I am satisfied that my transition to Interim Chief Executive and Accounting Officer, which took place in May 2025, and the handover arrangements which included meetings with my predecessor were sufficient for me to provide assurance that a sound system of internal control was in place for the year as a whole. I conclude that our agency has satisfactory governance and risk management systems with effective plans to ensure continuous improvement.

Signed:

Alec Pybus
Interim Chief Executive
Date: 11 July 2025

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 https://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 for 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 https://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] (£'000)		Total (£'000)	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Alec Pybus Chief Operating Officer	110-115	110-115	Nil	5-10	Nil	Nil	44	42	155-160	160-165
Angela Crossley Strategy, Policy and Analysis Director	100-105	95-100	0-5	Nil	Nil	Nil	66	28	170-175	120-125
Chantel Kelly[2] Finance, Commercial, Sustainability and Property Director	30-35	N/A	Nil	N/A	Nil	N/A	14	N/A	45-50	N/A
Christopher Pleass[2] Finance, Commercial, Sustainability and Property Director	60-65	100-105	0-5	Nil	Nil	Nil	60	58	125-130	160-165
Daniel Goad[3] People and Communications Director	95-100	105-110	0-5	0-5	Nil	Nil	38	40	140-145	145-150
Dean Beale Chief Executive	115-120	110-115	0-5	Nil	Nil	Nil	63	73	180-185	180-185

[1] Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.
[2] During 2024-25 Chantel Kelly was appointed on 9 November 2024 to replace Christopher Pleass who left on 8 November, she has a full year equivalent salary of £70-75 thousand. Chris Pleass' full year equivalent salary was £105-110 thousand.
[3] During 2024-25 Daniel Goad left the agency on 28 February. His full year equivalent salary was £105-110 thousand.

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 & 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 2024-25 relate to performance in 2024-25 and the comparative bonuses reported for 2023-24 relate to the performance in 2023-24.

Pay Multiples (audited)

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

Our 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 1 August 2024. 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 2024-25 reporting year. Staff turnover means that as more experienced, higher paid staff move on promotion or leave our agency, they can be back-filled 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 2025		
For highest paid director[1]	9%	(67%)
For average employee[2]	1%	11%
As at 31 March 2024		
For highest paid director[1]	5%	0%
For average employee[2]	1%	(16%)

[1] Calculated on the midpoint of a rounded £5 thousand pay-band. The highest paid director as at 31 March 2025 is different to the individual used as at 31 March 2024.
[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 2025 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 2025 lower than they would otherwise be. The calculation reflects staff turnover where new entrants join at the bottom of their respective pay scales.

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 2025[2]	4.4:1	3.3:1	2.6:1
As at 31 March 2024[3]	4.4:1	3.3:1	2.5:1

[1] Calculated on the midpoint of a £5 thousand rounded pay-band for the highest paid director.
[2] As at 31 March 2025 there is an outstanding pay award for staff below Senior Civil Service. This had the effect of making the figures for 31 March 2025 lower than they would otherwise be.
[3] The figures as at 31 March 2024 were impacted by the £1,500 non-consolidated payment announced in 2023 by ministers to every member of the Civil Service below Senior Civil Service resulting in the figures being higher than they would otherwise be.

The minimal changes in the current financial year's pay ratios compared to the pay ratios of the previous financial year is due to a similar increase to the total remuneration for employees at the percentiles as to the change in the highest paid director's remuneration.

The change in the ratios is consistent with the pay, reward and progression policies of our agency due to prioritising junior grades, along with the outstanding pay award for staff below Senior Civil Service, and the inclusion of the one-off £1,500 non-consolidated payment announced in 2023 which was paid during 2023-24 and not repeated in 2024-25. This has had the effect of increasing the 75th percentile without changing the 25th and 50th percentiles.

	25th percentile pay	50th percentile Median pay	75th percentile pay
As at 31 March 2025[1]			
Total remuneration	£27,505	£36,063	£47,103
Salary component only	£26,711	£34,341	£44,812
As at 31 March 2024			
Total remuneration[2]	£25,791	£34,399	£45,612
Salary component only	£22,183	£31,620	£42,456

[1] As at 31 March 2025 there is an outstanding pay award for staff below Senior Civil Service. This has the effect of making the figures for 31 March 2025 lower than they would otherwise be.
[2] These 31 March 2024 figures were 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 the 31 March 2025 remuneration ranged from £18,000 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 2025, 23 people (31 March 2024: 29 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 (ISB) comprises 12 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:

- Inspector General and Chief Executive
- Chief Operating Officer
- People and Communications 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 2024-25 £000	Salary 2023-24 £000
Mark Austen (from 6 April 2021, Chair of ISB from 16 April 2021)	15-20	15-20
Frances Coulson (from 6 April 2022)	10-15	10-15
Samantha Durrant (from 6 April 2021)	10-15	10-15
Robert Hunt (from 6 April 2021)	10-15	10-15
Gary Kildare (from 6 April 2021)	10-15	10-15
Lorcan O'Connor (from 01 April 2024)	10-15	N/A
Eoin Parker[1] (from 20 April 2021)	Nil	Nil

[1] 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. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections - classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis. 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. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

All members who switched to alpha from the PCSPS had 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 accrued pensions shown in this report are the pensions the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal 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 in this report show pension earned in PCSPS or alpha - as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members (the “McCloud judgment”).

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The Public Service Pensions Remedy is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023.

The accrued pension benefits, Cash Equivalent Transfer Value and single total figure of remuneration reported for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the

PCSPS for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the PCSPS for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the alpha scheme for the period from 1 April 2015 to 31 March 2022.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Master Trust. 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).

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

Cash Equivalent Transfer Values

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

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

Compensation for Loss of Office (audited)

As per 2023-24, no senior managers have received compensation for loss of office in 2024-25.

Pension Benefits (audited)

Officials	Accrued pension[1] at pension age as at 31/3/25 £'000	Real increase in pension £'000	CETV[2] at 31/3/25 £'000	CETV[2] at 31/3/24 £'000	Real increase in CETV[3] £'000
Alec Pybus Chief Operating Officer	20 - 25	2.5 - 5	359	294	31
Angela Crossley Strategy, Policy and Analysis Director	40 - 45 plus a lump sum of 110 - 115	2.5 - 5 plus a lump sum of 2.5 - 5	1,076	990	61
Chantel Kelly Finance, Commercial, Sustainability and Property Director	25 - 30 plus a lump sum of 70 - 75	0 - 2.5 plus a lump sum of 0	646	619	10
Christopher Pleass Finance, Commercial, Sustainability and Property Director	35 - 40	2.5 - 5	790	720	55
Daniel Goad People and Communications Director	25 - 30	0 - 2.5	395	336	24
Dean Beale Chief Executive	55 - 60	2.5 - 5	1,179	1,080	50

[1] Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.
[2] CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2025.
HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2024-25 CETV figures. Where an individual leaves or joins our agency part way through the year, the CETV columns refer to the value at the date of joining or leaving.
[3] 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.

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 2025	As at 31 March 2024
SCS Pay-Band 2	1	1
SCS Pay-Band 1	8	10

Two of our SCS Pay-Band 1 staff left during 2024-25. For further details see the Corporate Governance Report.

Staff Composition

	Employees		**SCS (inc. ISB Members)**		**ISB Members All Staff**		**All Staff**	
	No	**%**	**No**	**%**	**No**	**%**	**No**	**%**
As at 31 March 2025								
Female	1,062	57.50%	2	22.22%	3	60.00%	1064	57.33%
Male	785	42.50%	7	77.78%	2	40.00%	792	42.67%
	1,847		**9**		**5**		**1,856**	
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**	

Staff Costs (audited)

	2024-25			2023-24		
	Permanently employed £'000	Others £'000	Total £'000	Permanently employed £'000	Others £'000	Total £'000
Wages and salaries	68,174	12,006	**80,180**	63,816	12,636	**76,452**
Social security costs	7,358	-	**7,358**	6,644	-	**6,644**
Other pension costs	18,827	-	**18,827**	16,014	-	**16,014**
Voluntary exit scheme	566	-	**566**	267	-	**267**
Subtotal	**94,925**	**12,006**	**106,931**	**86,741**	**12,636**	**99,377**
Add cost / (Less recoveries) in respect of outward secondments	(348)	-	**(348)**	(90)	-	**(90)**
Total net costs	**94,577**	**12,006**	**106,583**	**86,651**	**12,636**	**99,287**

Sickness Absence Data

During the year, the number of average annual working days lost per employee was 7.3 days (2023-24: 8.1 days).

Staff Turnover Percentage

During the year, the staff turnover percentage for our agency was 9.9% (2023-24, 10.4%).

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 at least one member who has completed the recruitment and selection training. It is mandatory that all panel members have undertaken the 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

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

Our 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

The table below show all highly paid off-payroll worker engagements as at 31 March 2025, earning £245 per day or greater.

	2024-25 £000's	2023-24 £000's
Number of existing engagements as of 31 March, earning £245 per day or greater	48	42
Of which, number that existed:		
less than 1 year	39	31
for between 1 and 2 years	6	9
for between 2 and 3 years	3	2
for between 3 and 4 years	0	0
for 4 or more years	0	0

The table below shows all highly paid off-payroll workers engaged at any point during the year between 1 April 2024 and 31 March 2025, earning £245 per day or greater.

	2024-25 £000's	2023-24 £000's
Number of temporary off-payroll workers engaged during the year ended 31 March 2025	92	100
Of which:		
Not subject to off-payroll legislation	0	0
Subject to off-payroll legislation and determined as in-scope of IR35	90	99
Subject to off-payroll legislation and determined as out-of-scope of IR35	2	1
No. of engagements reassessed for compliance or assurance purposes during the year	92	100
Of which: No. of engagements that saw a change to IR35 status following review	0	0

No off-payroll engagements were board members or senior officials with significant financial responsibility.

Consultancy

Spend on consultancy was £599 thousand (2023-24: £580 thousand) which included costs relating to a Discovery Phase reviewing our agency's data repository landscape, communication tools, infrastructure, intranet, making recommendations on potential improvements and efficiencies and Change and Technology Services operational costs and efficiency, IT and support services, contract landscape and management, and allocations to the business.

Staff Exit Packages (audited)

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)	0 (1)	**0 (1)**
£10,000-£25,000	0 (0)	1 (2)	**1 (2)**
£25,000-£50,000	0 (0)	2 (2)	**2 (2)**
£50,000-£100,000	0 (0)	3 (2)	**3 (2)**
£100,000-£150,000	0 (0)	1 (0)	**1 (0)**
Total number of exit packages	**0 (0)**	**7 (7)**	**7 (7)**
Total Resource cost / £'000s	**0 (0)**	**566 (267)**	**566 (267)**

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

Redundancy and other departure costs have been paid in accordance with the provision of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where our 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 our 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 2024-25, employers’ contributions of £18.7 million were payable to the PCSPS (CSOPS) (2023-24: £15.9 million) at one of four rates in the range 28.97% to 30.3% (2023-24: 26.6% to 30.3%) of pensionable pay, based on salary bands.

The scheme’s Actuary reviews employer contributions (usually every four years following a full scheme valuation) periodically following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2024-25 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 Defined Contribution pension with an employer contribution. Employers’ contributions of £127 thousand in 2024-25 (2023-24: £106 thousand) were paid to 1 appointed partnership pension provider. Employer contributions are age-related and range from 8% to 14.75% (2023-24: 8% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

In addition, employer contributions of £4.2 thousand in 2024-25 (2023-24: £3.5 thousand), 0.5% of pensionable pay, were paid to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

In 2024-25 five employees (2023-24: two employees) retired early on ill-health grounds, incurring £30 thousand 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	2024-25	2023-24
Directly Employed	1,689	1,595
Other	128	145
Total	**1,817**	**1,740**

Parliamentary Accountability and Audit Report

Parliamentary Accountability Disclosures

(i) 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.

(ii) Remote Contingent Liabilities (audited)

In addition to those Contingent Liabilities disclosed within Note 14 of Financial Statements our agency also has 166 active legal cases which are assessed as having a remote possibility of crystalising and incurring a liability as at 31 March 2025.

(iii) 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, our agency sought formal approval for its proposals and actions with regards to these matters from either HM Treasury directly or indirectly through the Department for Business and Trade.

(iv) Losses Statement (audited)

	2024-25	2023-24
Total number of losses	**6,907**	**9,776**
RPS receivable loss (£'000)	450,627	454,365
Other losses (£'000)	1,308	343
Total value of losses (£'000)	**451,935**	**454,708**

Losses are any cash losses, claims abandoned and fruitless payments which have been made within the year. There was one loss with an individual value of more than £300 thousand during the year (2023-24: None).

During 2022-23 and 2023-24, our agency invested £627 thousand of capital funding in the design and early development of a digital portal to support the Report to Creditors and the Proof of Debt process.

Following a recent review of priorities within our agency including the evolving technical landscape, changing user requirements and a revaluation of the original benefits, it was agreed that the most appropriate accounting treatment at this stage is to impair the full value. This approach ensures compliance with financial reporting standards whilst also preserving future flexibility. Should elements of the work be taken forward at a later date, a proportional reversal of the impairment may be applied. The work completed has provided valuable design insight that can inform and accelerate future service development.

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. HM Revenue & Customs 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.

(v) Special Payments (audited)

	2024-25	2023-24
Total number of special payments	39	12
Total value of special payments (£'000)	14	3

There were no special payments with an individual value of more than £300 thousand during the year (2023-24: None).

(vi) Fees and Charges Income (audited)

Our agency charges fees for work carried out by the Official Receivers (OR). These fees are set through legislation and are managed by our 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.

Case / Fee	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 and Rate based

The Insolvency Proceedings (Fees) (Amendment) Order 2024 (SI 2024/963) was laid before Parliament on 19 September 2024, resulting in changes to some of the fees from 9th January 2025.

Case / Fee	Administration Fee	General Fee	Total
Debtor	£2,390	£7,200	£9,590
Creditor	£3,300	£7,200	£10,500
Company	£6,000	£7,200	£13,200

As our 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(m), and 1(o) 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 2024-25 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 £52.0 million (2023-24: £51.0 million)
- The total income received from fees and recognised as income in the year was £54.0 million (2023-24: £65.7 million). Part of this was recognised in relation to historic cases and classified as payable to the Consolidated Fund, excluding these our agency received £46.3 million (2023-24: £53.3 million).
- Cross subsidy fees (General Fee) recognised within income was £10.3 million (2023-24: £9.7 million), within the agreed netting off limit approved by HM Treasury

- £7.7 million (2023-24: £12.4 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, the Insolvency Proceedings (Fees) (Amendment) Order 2022, and the Insolvency Proceedings (Fees) (Amendment) Order 2024.

Signed:

Alec Pybus
Interim Chief Executive
Date: 11 July 2025

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 2025 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Insolvency Service's

- Statement of Financial Position as at 31 March 2025;
- 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 2025 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 (2024)*. 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* 2024. 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, key performance indicators and performance incentives.

- enquired of management, the internal auditors 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, internal auditors and those charged with governance whether:
    - they were aware of any instances of non-compliance with laws and regulations;
    - 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 Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2024 and 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 and through revenue recognition by testing the appropriateness of journal entries and other adjustments; reviewing management estimates on revenue; 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 with respect to 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: 14 July 2025**
Comptroller and Auditor General

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

Financial Statements

Financial Statements

Statement of Comprehensive Net Expenditure

for the period ended 31 March 2025

	Note	2024-25 £'000	2023-24 £'000
Income from contracts with customers	4	(147,063)	(110,429)
Other operating income	4	(8,926)	(9,524)
Total operating income		**(155,989)**	**(119,953)**
Staff costs	3	107,424	99,287
Redundancy payments service	3	490,605	504,849
Purchase of goods and services	3	26,497	26,048
Depreciation and impairment charges	3	6,804	6,285
Provision expense	3	(88)	5,519
Other operating expenditure	3	16,843	19,615
Total operating expenditure		**648,085**	**661,603**
Net operating expenditure		**492,096**	**541,650**
Finance expense	3	542	326
Net expenditure for the year		**492,638**	**541,976**
Comprehensive net expenditure for the year		**492,638**	**541,976**

The notes on pages 109 to 140 form part of these Accounts

Statement of Financial Position

as at 31 March 2025

	Note	2024-25 £'000	2023-24 £'000
Non-current assets:			
Property, plant and equipment	6	18,599	19,273
Intangible assets	7	642	1,874
Financial assets	9	72,109	74,699
Total non-current assets		**91,350**	**95,846**
Current assets:			
Financial assets	9	63,414	66,354
Trade receivables and other assets	9	14,224	6,089
Cash and cash equivalents	10	208,006	196,795
Total current assets		**285,644**	**269,238**
Total assets		**376,994**	**365,084**
Current liabilities:			
Trade and other payables	11	(48,695)	(36,887)
Provisions	12	(648)	(3,990)
Total current liabilities		**(49,343)**	**(40,877)**
Total assets less total current liabilities		**327,651**	**324,207**
Non-current liabilities:			
Trade and other payables	11	(13,667)	(13,420)
Provisions	12	(8,026)	(5,788)
Total non-current liabilities		**(21,693)**	**(19,208)**
Assets less liabilities		**305,958**	**304,999**
Taxpayers' equity:			
General fund		305,958	304,999
Total taxpayers' equity		**305,958**	**304,999**

The notes on pages 109 to 140 form part of these Accounts

Alec Pybus
Interim Chief Executive
Date: 11 July 2025

Statement of Cash Flows

for the period ended 31 March 2025

	Note	2024-25 £'000	2023-24 £'000
Cash flows from operating activities:	**Note**		
Net operating expenditure	SoCNE	(492,096)	(541,650)
Adjustments for non-cash transactions:			
Depreciation and amortisation charge	6,7	5,808	6,285
Provisions	3	(88)	5,519
Audit fee	3	252	236
Impairment	6,7	996	-
Use of provisions	12	(1,227)	(101)
Increase in trade receivables and financial assets	9	(2,605)	(1,668)
Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure		333	1,356
Increase/(Decrease) in trade payables	11	12,055	(129,252)
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		3,660	124,718
Finance expense	3	(542)	(326)
Net cash outflow from operating activities		**(473,454)**	**(534,883)**
Cash flows from investing activities:			
Purchase of property, plant and equipment	6	(377)	(1,466)
Purchase of intangible assets	7	-	(627)
Net cash outflow from investing activities		**(377)**	**(2,093)**
Cash flows from financing activities:			
DBT financing	SoCITE	46,630	80,245
VAT recovered by DBT	SoCITE	(3,833)	(3,726)
Net funding from the National Insurance Fund		457,896	463,977
Payment of lease liabilities	13	(3,250)	(5,518)
Capital element of payments in respect of finance leases and service concession arrangements	SoCITE	-	-
Net cash inflow from financing activities		**497,443**	**534,978**
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**23,612**	**(1,998)**
Payments of amounts due to the Consolidated Fund		(12,401)	(137,109)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		**11,211**	**(139,107)**
Cash and cash equivalents at the beginning of the period	10	**196,795**	**335,902**
Cash and cash equivalents at the end of the period	10	**208,006**	**196,795**

Statement of Changes in Taxpayers' Equity

for the period ended 31 March 2025

		General fund £'000	Total reserves £'000
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**
Comprehensive expenditure for the year 2024-25:			
Non-cash charges - auditor's remuneration	3	252	252
Net expenditure for the year	SoCNE	(492,638)	(492,638)
DBT financing		46,630	46,630
Income payable to the Consolidated Fund		(7,681)	(7,681)
National Insurance Fund - RPS		458,229	458,229
VAT recovered by DBT		(3,833)	(3,833)
Balance at 31 March 2025		**305,958**	**305,958**

The General Fund represents the total assets less liabilities of the agency. Financing by DBT 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 2024-25 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.

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 mainly derived from both the Estates that it administers and from Companies House, another executive agency of DBT. 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 agency, can be found in the separately published accounts called the 'Insolvency Services and the Insolvency Services Investment Account 2024-25'. 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

The new IFRS 17 standard for 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.

Non-Investment Assets Valuations

In December 2023 HM Treasury released an exposure draft on potential changes to make to valuing and accounting for non-investment assets (e.g. PPE, intangible assets). The following changes to the valuation and accounting of non-investment assets is to be included in the 2025-26 FReM for mandatory implementation:

References to assets being held for their ‘service potential’ and the terms ‘specialised / non specialised’ assets are being removed from the FReM. Non-investment assets are instead described as assets held for their ‘operational capacity’. This change has no impact on the valuation basis of non-investment assets, which remains Existing Use Value (EUV).

An adaptation to IAS 16 will be introduced to withdraw the requirement to revalue an asset where its fair value materially differs from its carrying value. Assets are now valued using the one of the following processes:
(a) A quinquennial revaluation supplemented by annual indexation.

(b) A rolling programme of valuations over a 5-year cycle, with annual indexation applied to assets during the 4 intervening years.
(c) For non-property assets only, appropriate indices.
(d) In rare circumstances where an index is not available, a quinquennial revaluation supplemented by a desktop revaluation in year 3.

The option to measure intangible assets using the revaluation model is withdrawn. The carrying values of intangible assets at 31 March 2025 will be considered the historical cost at 1 April 2025.

Social Benefits

The 2025-26 FReM will include new guidance on accounting for social benefits. The 2025-26 FReM will define social benefits as 'current transfers received by households (including individuals) intended to provide for the needs that arise from certain events or circumstances, for example, sickness, unemployment, retirement, housing, education, or family circumstances.' The agency considers the Redundancy Payments Service falls within this definition and will apply the accounting guidance to that expenditure.

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: 2 to 10 years

Furniture & fittings: 2 to 10 years

Internally developed systems: 2 to 10 years

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, Accruals and contingent liabilities

Provisions & Accruals

A provision is defined in IAS 37, as a liability of uncertain timing or of uncertain amount, accruals are similarly described; however, IAS 37 suggests that the uncertainty over value and timing will be much less than is the case with provisions.

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. Where the agency can express a higher degree of confidence with these estimates, the agency shall recognise an accrual in place of a provision.

Where the effect of timing 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.

Contingent liabilities

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.

A contingent liability is not recognised in the SoFP but simply disclosed in the notes of the accounts as a possible outflow in the future.

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 2024-25 produced by the Cabinet Office.

The agency therefore accounts for the PCSPS and CSOPS schemes as if they were defined contribution pension schemes, with employer's contributions charged to the SoCNE in the period to which they relate in the same way as the partnership pension scheme.

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 and 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(n), which is the recovery from companies for the cost of the redundancy payments paid out by RPS. These are 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 and from Companies House to cover the cost of investigation and enforcement activities 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. It also does not include funding received from HM Revenue & Customs to cover the cost of redundancy payments paid out by RPS.

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 2.15%.

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 mainly comprises the following fee components:

(i) Administration Fee
(ii) General Fee
(iii) Secretary of State Fee (cases prior to 21 July 2016)
(iv) Trustee Liquidator Fee; and
(v) 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.

Administration Fee

Administration fees are charged to the insolvent estate at the date of insolvency based on the type of case and the cost of service.

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. The agency uses reasonable estimates of activity across a 3-year period based on historic case data to recognise Administration Fee income. The variable consideration is the amount the agency expects to receive in the future, rather than the legislated Administration Fee charged to the case at the date of insolvency as recoveries are dependent on assets within each insolvent estate.

Administration fees were increased through legislation, for petitions on or after 9th January 2025.

General Fee

The General Fee is fixed at the same rate for all cases and is charged to all cases although it does not relate to any identifiable service or activity. It is applied 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 to mitigate for Administration fees which are not recovered from cases with insufficient assets. The general fee can only be recovered where cases have sufficient assets after meeting the administration fee and any other fees chargeable before distribution.

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 via 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 contract principles set out in IFRS 15 (para 9) do not apply.

Secretary of State Fee

The Secretary of State Fee only applies to cases where the petition date was prior to 21st July 2016. Cases before this date are 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.

For most cases, recognition is based on assets as and when they are realised, however where fees are significantly material, particularly for 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, using reliable estimates of the value of assets which have yet to be 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). Companies House income

The Economic Crime and Corporate Transparency Act 2023 (the ECCT Act) expanded the range of activities whose costs could be included in setting fees under the Companies Act 2006. The expanded range includes activities which are carried out by the Insolvency Service and for which payment is received from Companies House through a Memorandum of Understanding (MoU). DBT funding no longer includes amounts related to this activity.

1(m). Revenue recognition under IFRS 15

The agency adheres 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
Companies House Income	A MoU, agreed by Companies House, The Department for Business and Trade and the Insolvency Service sets out the rights and obligations of each party.	The agency has an obligation to undertake enforcement action for a range of offences within the ECCT Act as agreed within the MoU.	The amount payable is agreed between the parties within the MoU.	INSS will use cost incurred as a measure of progress to determine completion of performance obligations.	Revenue will be recognised as the performance obligations are satisfied.
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 HMRC 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(n). Redundancy Payments Service

The agency is responsible for the approval and processing of claims under the Redundancy Payments Service, 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(o)) 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 2024-25 the agency made payments totalling £487m (2023-24: £494m) and made cash recoveries of £29m (2023-24: £29m), a net cost of £458m (2023-24: £465m) 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 £487m 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(o), and Note 9 below, the agency estimates future recoveries of £93m, this is based upon historic collection rates. Of these, £30m relate to payments made in 2024-25, and £62m relate to payments made in previous years.

1(o). 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 2.15% (2023-24: 2.05%) 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; and
(iii) Multiplying that loss by the probability of the default happening; and
(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 6.4% for non-preferential, and 32.2% 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 Fair Value through Profit or Loss
Case administration income	Yes	Held to collect contractual cash flows only	Carry at amortised cost

1(p). 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(q). Value Added Tax (VAT)

The agency 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(r). Cash and cash equivalents

Cash comprises current balances with banks and cash equivalents, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Any bank overdraft amounts are included within trade payables and other liabilities.

Cash at bank includes RPS cash held separately to agency funds. The cash equivalent balance is cash received by the agency from fees charged and 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.

2. Significant areas of judgement

2(a). Case administration revenue recognition

The performance of official receivers' duties gives rise to case administration income from both assets and income payments, which the agency has the right to recognise.

The agency measures this by reference to a profile of case clearance (one for personal bankruptcies and one for company liquidation cases). The profile shows the extent of case completion over time. The agency uses these profiles to recognise fees in the financial year (Note 4).

The case profile, derived from data sampling of operational activity, apportions the activity of cases received each financial year across 3 financial years, at: 68% in year 1, 26% in year 2 and 6% in year.

Sensitivity Analysis performed on this assumption suggests that a ±10% movement in case completion would result in an income impact of ±£1.4m (±6.8%).

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

2(b). Forecasting assumptions of recognised income

The agency's income forecasts are based on assumptions of future fee recoveries using analysis of historical trends to produce forecasts of the value of future cash flows. Estimation techniques and underlying assumptions utilised are reviewed on a regular basis by senior management.

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, subject to adjustment for assets impacted by legislative or other changes which materially affect their value (e.g. PPI reclaims)
(ii) long-term realisations 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

Actual cash recoveries from asset realisations lag behind income recognised in the accounts and the difference between the two is therefore reported as a receivable. 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 government policy changes; impacting on the proportion of cases that have realisable assets, therefore impacting case administration fees.

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 6.4% for non-preferential, and 32.2% for preferential. A sensitively analysis in included in Note 9.

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

	2024-25 £'000	2023-24 £'000
Staff Costs:		
Wages and salaries	80,764	76,452
Social security costs	7,446	6,644
Other pension costs	18,996	16,014
Voluntary and Compulsory Redundancy payments	566	267
Less recoveries in respect of outward secondments	(348)	(90)
	107,424	**99,287**
Redundancy payments service:		
Redundancy payments expenditure[1]	490,605	504,849
	490,605	**504,849**
Purchase of goods and services:		
IT infrastructure expenses	23,219	22,809
General administrative expenses	1,810	1,881
Travel and subsistence	1,468	1,358
	26,497	**26,048**
Other operating expenditure:		
Investigation and enforcement	3,144	3,066
Civil and criminal legal costs	3,828	5,586
Accommodation costs	5,247	4,995
Staffing and training costs	2,494	3,116
Other costs	3,317	3,214
Non-cash items:		
Audit fee[2]	252	236
Expected credit losses	(436)	158
Case administration - unwind discounting of receivables for fees	(1,003)	(756)
	16,843	**19,615**
Finance costs:		
Bank fees and charges	113	117
Lease charges	429	209
	542	**326**
Depreciation and impairment charges:		
Non-cash items:		
Depreciation and amortisation	5,808	6,285
Impairment of non-current assets	996	-
	6,804	**6,285**
Provision expense:		
Non-cash items:		
Movement in provisions	(88)	5,519
	(88)	**5,519**
Total expenditure	**648,627**	**661,929**

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

[2] The £252k audit fee includes £206k (2023-24: £198k) for the year end external audit of these Accounts, as well as £46k (2023-24: £38k) to audit the Insolvency Services Account.

4. Income

	2024-25 £'000	2023-24 £'000
Income from contracts with customers:		
Insolvency case administration:[1]		
Case administration income (pre-2016-17)[2]	7,023	19,857
Case administration income (post-2016-17):		
Administration fee	20,241	18,494
General fee[3]	10,320	9,746
Distribution (time and rate) fee	251	320
Trustee liquidator fee - national interest cases[4]	9,281	7,000
Trustee liquidator fee - business as usual	4,454	4,960
Companies House[5]	51,613	-
RPS recoveries[6]	39,306	39,813
Debt relief order administration fee	32	2,969
Investigation and enforcement:		
Civil recoveries	2,015	4,450
Criminal recoveries	285	270
Individual voluntary arrangements and deeds of arrangements	996	936
Regulation of insolvency practitioners	696	830
Rental income	157	341
Online Debt Solutions	714	806
Estates accounts	623	639
Miscellaneous income	59	1
Discounting costs	(1,003)	(1,003)
	147,063	**110,429**
Other operating income:		
Redundancy payments administration[7]	8,926	9,524
	8,926	**9,524**
Total income	**155,989**	**119,953**

[1] Overall case administration has decreased from £60m to £52m with the principal movements, which are not due to be surrendered to the Consolidated Fund, being an increase in Administration Fees of £1.7m, and Trustee Liquidator fees on National Interest Cases having reduced by £4.8m due to lower activity on the highest impact cases.
[2] The case administration income (pre-2016-17) reduced from £20m to £7m due to fees on the cash settlement of historic PPI claims on insolvent estates where performance obligations were substantially satisfied and could be recognised as income upon receipt. In 2024-25 this total is £0.0m (2023-24: £11.8m).
[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 £7.7m (2023-24: £0.6m) in fees which is due to be surrendered to the Consolidated Fund.
[5] Companies House is income received from Companies House to support the agency with its enforcement activities under the Economic Crime and Corporate Transparency Act 2023, including functions carried out in connection with the detection, investigation or prosecution of offences, or the recovery of the proceeds of crime, so far as relating to bodies corporate or other firms see Note 1(l).
[6] The income recognised for RPS was £39.3m, which includes £1.4m of cash receipts in year, and £37.9m of estimated future recoveries. RPS recoveries are from solvent companies, or via recovery through administration or liquidation process for insolvent companies.
[7] Redundancy payments administration is income received from the NIF to support the agency in running RPS.

5. Segmental reporting

All significant activities of the agency are derived from the Insolvency Act 1986, The Company Directors 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 NIF funding amounts can be found in the Statement of Changes in Taxpayers' Equity (SoCITE) as funding is accounted through reserves rather than as income in the SoCNE.

	Income		**Cost of service**		**Surplus/(deficit)**	
	2024-25	2023-24	**2024-25**	2023-24	**2024-25**	2023-24
Activities funded from:	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
DBT	108	4,841	30,905	79,180	(30,797)	(74,339)
Companies House	53,676	-	54,525	-	(849)	-
Fees	46,277	53,347	61,491	63,263	(15,214)	(9,916)
Fees (excess income)[1]	7,681	12,401	-	-	7,681	12,401

HMRC for RPS administration	8,941	9,551	9,138	9,474	(197)	77
HMRC for redundancy payments	39,306	39,813	492,568	510,012	(453,262)	(470,199)
Total of all activities	**155,989**	**119,953**	**648,627**	**661,929**	**(492,638)**	**(541,976)**

[1] The Fees (excess income) is a result of fees on historic 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

2024-25	Right of Use	Furniture & Fittings	Total
	£'000	£'000	£'000
Cost or valuation:			
At 1 April 2024	28,838	7,632	**36,470**
Additions	4,084	(13)	**4,071**
Disposals	(3,515)	(1,535)	**(5,050)**
Remeasurement	827	-	**827**
Impairments	-	(369)	**(369)**
At 31 March 2025	**30,234**	**5,715**	**35,949**
Depreciation:			
At 1 April 2024	13,552	3,645	**17,197**
Charged in year	4,131	1,072	**5,203**
Disposals	(3,515)	(1,535)	**(5,050)**
At 31 March 2025	**14,168**	**3,182**	**17,350**
Carrying value at 31 March 2025	**16,066**	**2,533**	**18,599**
Asset financing:			
Owned	-	2,533	**2,533**
Leased	16,066	-	**16,066**
Carrying value at 31 March 2025	**16,066**	**2,533**	**18,599**

2023-24	Right of Use	Furniture & Fittings	Total
	£'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	-	3,987	**3,987**
Leased	15,286	-	**15,286**
Carrying value at 31 March 2024	**15,286**	**3,987**	**19,273**

7. Intangible assets

2024-25	Software Licences	Internally Developed System	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation:				
At 1 April 2024	-	15,971	627	**16,598**
Disposals	-	(1,806)	-	**(1,806)**
Impairments	-	-	(627)	**(627)**
At 31 March 2025	**-**	**14,165**	**-**	**14,165**
Amortisation:				
At 1 April 2024	-	14,724	-	**14,724**
Charged in year	-	605	-	**605**
Disposals	-	(1,806)	-	**(1,806)**
At 31 March 2025	**-**	**13,523**	**-**	**13,523**
Carrying value at 31 March 2025	**-**	**642**	**-**	**642**
Asset financing:				
Owned	-	642	-	**642**
Carrying value at 31 March 2025	**-**	**642**	**-**	**642**

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**

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 six years, but a small proportion will be recovered beyond six 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 dependent 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; 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 2.15% (2023-24: 2.05%). Accounting estimates and judgements regarding the recoverability of receivables are disclosed within Note 2.

9. Trade receivables, financial and other assets

	2024-25	2023-24
	£'000	£'000
Amounts falling due within one year:		
Financial assets:		
Receivables for fees - case administration	27,318	32,761
Receivables for disqualification costs	119	221
Receivables for redundancy payments service	35,977	33,372
Total financial assets	**63,414**	**66,354**
Trade receivables and other assets:		
Prepayments	3,393	3,757
VAT receivables	791	1,002
NIF receivables	3,932	219
Trade receivables	5,806	1,065
Employee receivables	302	46
Total trade receivables and other assets	**14,224**	**6,089**
Total amounts falling due within one year	**77,638**	**72,443**
Amounts falling due after more than one year:		
Financial assets:		
Receivables for fees - case administration	12,095	19,800
Receivables for disqualification costs	3,144	2,325
Receivables for redundancy payments service	56,870	52,574
Total financial assets	**72,109**	**74,699**
Total amounts falling due after more than one year	**72,109**	**74,699**
Total receivables, financial and other assets	**149,747**	**147,142**

Redundancy payments service receivable

The RPS receivable, totalling £92.8m above (2023-24: £85.9m) is calculated using a model approved by HM Revenue & Customs and shows the estimated recoverable value.

The model uses the current split of non-preferential, and preferential debt. Sensitivity Analysis performed on this suggests that a one percentage point change in the proportion would result in a change in expected receivables of £1.7m and also a change in current year income of £1.0m. A change in the estimated recovery rate by 0.5% would change the expected recoveries by £7.7m for non-preferential debt, and £1.0m for preferential debt. It would also change current year income by £1.8m and £0.2m respectively. See Notes 1(n), 1(o) and 2(d) for more information.

Case administration receivable

The receivables for case administration fees, totalling £39.4m (2023-24: £52.6m) above represent sums recoverable by the agency for case administration work undertaken, but not yet received when administering personal bankruptcies and company liquidations. See Note 1(j).

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.

The agency has sought to mitigate the risks of under-recovery through aligning fees charged, to realisable assets. However, not all cases have sufficient assets to cover the fees due, so the full cost of service cannot always be borne by the 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:

(i) the pattern and period over which assets will be realised to fund fee recoveries;

(ii) the average realisable value of assets of estates entering bankruptcy or liquidation.

The risk to fee recovery arising from potential impairment of the asset portfolio has been subject to updated sensitivity testing. The increase in deposits has reduced the contribution required from assets, thereby lowering the overall risk to fee recovery.

The updated testing now estimates an impact on fees of <0.8% (approx. £250k) from a 5% impairment (previously <2.3%), and <1.65% (approx. £520k) from a 10% impairment (previously <4.7%).

The wide range of assets within the portfolio mitigates the likelihood of any significant impact on the overall asset value.

10. Cash and cash equivalents

	2024-25	2023-24
	£'000	£'000
Balance at 1 April	196,795	335,902
Net change in cash and cash equivalent balances	11,211	(139,107)
Balance at 31 March	**208,006**	**196,795**
The following balances at 31 March were held at:		
Government banking service (ISA account)	197,489	186,297
Government banking service	10,517	10,498
Balance at 31 March	**208,006**	**196,795**

Cash comprises cash at bank of £10.5m (2023-24: £10.5m) and a cash equivalent balance of £197.5m (2023-24: £186.3m). For more information see Note 1(r).

11. Trade payables and other liabilities

	2024-25	2023-24
	£'000	£'000
Amounts falling due within one year:		
Payables	11,328	3,802
Accruals[1]	11,521	11,357
Due to the Consolidated Fund	7,681	12,401
Deferred fee income	10,094	2,913
Lease liabilities	4,984	3,352
Accrued employee benefits	3,087	3,062
Total	**48,695**	**36,887**
Amounts falling due after one year:		
Lease liabilities	13,667	13,420
Total	**13,667**	**13,420**
Total payables and other liabilities	**62,362**	**50,307**

[1] Accruals made in 2024-25 for expenditure relating to the year but not yet paid total £11.5m (2023-24: £11.4m). Notable items include £5.1m in relation to staff costs, £1.8m for IT expenditure; and £1.3m for accommodation costs.

12. Provisions for liabilities and charges

2024-25	Lease dilapidations	Other	Total
	£'000	£'000	£'000
Balance at 1 April 2024	1,945	7,833	9,778
Provided in the year	216	1,968	2,184
Provisions utilised in the year	(257)	(970)	(1,227)
Provisions not required written back	(473)	(1,637)	(2,110)
Borrowing costs (unwinding of discount)	49	-	49
Balance at 31 March 2025	**1,480**	**7,194**	**8,674**
Analysis of expected timing of discounted flows:			
Not later than one year	581	67	648
Later than one year and not later than five years	553	7,127	7,680
Later than five years	346	-	346
Balance at 31 March 2025	**1,480**	**7,194**	**8,674**

2023-24	Lease dilapidations	Other	Total
	£'000	£'000	£'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**

The agency has a number of leases for offices that require payments of dilapidations on termination of the lease and the exit from the building. Therefore, the agency holds provisions for these anticipated future costs. As at 31 March 2025 the agency hold dilapidations provisions for 15 locations (2023-24: 20).

Included within the other provisions balance is £7.1m (2023-24: £5.2m) 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.

	2024-25 £'000	2023-24 £'000
Balance at 1 April	16,772	16,953
Additions	3,873	3,163
Payments	(3,250)	(5,518)
Remeasurement	827	1,965
Borrowing costs (unwinding of discount)	429	209
Balance at 31 March	**18,651**	**16,772**

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 £0.2m (2023-24: £0.7m) of forecast inflation included in line with HM Treasury guidance when the agency adopted IFRS 16 on 1 April 2021.

For quantitative disclosures around right-of-use assets see note 6.

Obligations under leases for the following periods comprise

	2024-25	2023-24
Buildings:	£'000	£'000
Not later than one year	5,157	3,620
Later than one year and not later than five years	11,750	11,670
Later than five years	3,720	2,670
	20,627	**17,960**
Less interest element[1]	(1,976)	(1,188)
Present value of obligations	**18,651**	**16,772**
Current	4,984	3,352
Non-current	13,667	13,420
Total	**18,651**	**16,772**

[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 commandment or at the latest remeasurement point. For more information see Note 1(p).

Quantitative disclosures around elements in the SoCNE

	2024-25	2023-24
	£'000	£'000
Sub-leasing income	157	341
Lease expense[1]	455	836
Finance costs	429	209

[1] This expenditure includes payments for short-term and low-value leases, as well as VAT on the payments released from the lease liability.

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 97 (2023-24: 59) contingent liabilities relating to defended cases where it is possible but not probable that payment may be made in the future. The agency has determined that an aggregated value of these cases is not practicable to estimate in accordance with IAS 37.91. 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 agency 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 agency 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 2.00% to 2.60% (2023-24: 1.80% to 3.60%) 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 2.15% (2023-24: 2.05%). 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 agency 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 before 6 April 2024 a fee of £90 had to be paid in order to be considered for a DRO by the Official Receiver.

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.

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

Applicants were able to pay this fee in instalments (but the application wasn't considered until the full £90 was received), and as such, there was a balance of funds held on behalf of these applicants which was not included within these accounts.

On a monthly basis, any funds due to the agency for ‘accepted’ applications was paid into the agency’s bank account (and amounts were accrued at year-end) and shown as income (Note 4). During 2024-25 the value of the income received (including an accrual for amounts due but not yet transferred) was £0.0m (2023-24: £3.0m). The DRO bank account held £0.6m as at 31 March (2023-24: £1.1m).

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 £0.8m as at 31 March (2023-24: £0.8m).

Compensation Orders

Compensation orders aim to make directors financially account for the consequences of their unfit conduct. The agency 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, or as a contribution to the assets of an insolvent estate. The compensation orders bank account held £1.1m as at 31 March (2023-24: £0.8m).

18. Events after the reporting period date

On 15th May 2025 the Secretary of State for the Department for Business and Trade announced in the House of Commons that the department would not renew its contract with Thurrock Council's National Investigation Service (NaTIs). The agency has begun to examine the investigation service's caseload in advance of any work being moved to the agency. We are currently not able to quantify what impact this will have on the agency in terms of costs, equipment or workforce as no formal agreement has been reached.

We anticipate that the position will be clear for our 2025-26 Annual Report and Accounts.

On 30 June 2025 a winding-up order was made against Prax Lindsey Oil Refinery Limited, Prax Storage Lindsey Limited, and Prax Terminals Killingholme Limited. The court appointed the Official Receiver as Liquidator. Our parent department has provided the initial funds required to undertake the duties of the liquidator, which are being underwritten by the Department for Energy Security and Net Zero. While the details of the case are being assessed it is not possible to provide further details. Further information will be provided in our Annual Report and Accounts for 2025-26.

There have been no further 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.

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