



House of Commons

Business, Innovation and Skills
Committee

The Insolvency Service: Government Response to the Committee's Sixth Report of Session 2012–13

**Sixth Special Report of Session
2012–13**

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Business, Innovation and Skills Committee

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The Reports of the Committee, the formal minutes relating to that report, oral evidence taken and some or all written evidence are available in a printed volume. Additional written evidence may be published on the internet only.

Committee staff

The current staff of the Committee are James Davies (Clerk), Amelia Aspden (Second Clerk), Peter Stam (Committee Specialist), Josephine Willows (Committee Specialist), Ian Hook (Senior Committee Assistant), Pam Morris (Committee Assistant), Henry Ayi-Hyde (Committee Support Assistant) and David Foster (Media Officer).

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Sixth Special Report

The Committee published its Sixth Report of Session 2012–13, *The Insolvency Service*, on 6 February 2013. The Government's Response was received on 17 April 2013 and is appended to this Report.

The Committee's original recommendations are reproduced in bold.

Government response

1. The Government welcomes the interest that the Business, Innovation and Skills Committee has shown in the work of the Insolvency Service.
2. The Committee is reporting on the Insolvency Service at a time of considerable change.
3. This is primarily driven by substantial changes in demand for its Official Receiver services over recent years. By contrast, demand for the agency's investigation and enforcement services, and volumes of redundancy payments have kept relatively stable.
4. Over the past decade, the annual volume of insolvency cases handled by the agency more than doubled to reach a peak of almost 80,000 cases in 2009–10. Resourcing capacity in the agency was stepped up to meet this demand. Case numbers have since declined just as sharply and are now below 35,000 cases: a drop of over 50% in 3 years.
5. Much has already been done to deal with the resulting overcapacity. Annual operating costs are £63.8m a year (34%) less than in 2009–10, and employee numbers have been reduced by a third, from around 3000 to 2000. There remain other significant legacy issues, for example surplus office space. These are being tackled.
6. The Government welcomes the Committee's recognition that high levels of public service have been maintained by the Insolvency Service throughout this difficult period. Insolvents express high levels of satisfaction in the service they receive. Stakeholder confidence in the enforcement regime has been sustained. Continuous improvement to UK insolvency frameworks keeps our regime amongst the best in the world, consistently ranked in the World Bank's Top 10.
7. Looking ahead, the Insolvency Service's strategy for the coming 3–5 years creates an even stronger, more resilient organisation that is demonstrably delivering value and that is able to respond to volatile changes in demand.

A new delivery strategy?

8. **The Insolvency Service has now been considering a new Delivery Strategy since early 2010, which has created uncertainty for staff and added to the delay in delivering much needed improvements to The Service. We understand that the new Chief Executive will want to put his own stamp on the new strategy, but it is important that The Service moves swiftly to the delivery stage of that strategy. In its response to our Report we will**

expect to receive a clear timetable for the implementation of the new strategy for The Insolvency Service. (Paragraph 16)

9. The Insolvency Service agrees that there is a need to reduce uncertainty for its employees. It is also clear that operational improvements can be made and that legacy issues from the recent spike in demand must be tackled. This needs to be done in a way that builds on the many strengths of the agency and that sustains high levels of service.

10. A high level strategy, covering a 3–5 year period, was endorsed by the Department for Business, Innovation and Skills (BIS) and published internally in October 2012. This replaces the previous Delivery Strategy. This has led to early action in specific areas:

- The agency has revised its Board and governance arrangements to establish the necessary leadership capability to take its plans forward. This includes appointment of 3 new Board members who bring a breadth of experience and knowledge to the Board. The new arrangements apply from 1 April 2013.
- It has worked closely with BIS to secure support and initial funding for its restructuring plans. This has enabled a start to be made on tackling overcapacity from falling case numbers. A recently completed voluntary redundancy exercise targeted at junior examiner grades together with a voluntary exit scheme focussed on management grades has improved the balance between demand and resource.
- It has begun projects in a number of operational areas that will be progressed further during 2013. These include reviewing options for funding models, rationalising estates and improving its IT infrastructure.

11. The Insolvency Service's Plan for 2013/14,¹ which was published in March 2013, builds on these first steps and identifies action for the coming year to support the 3–5 year high level strategy.

Reductions in the workforce

12. We applaud the fact that the staff of The Insolvency Service have maintained their high levels of service throughout the difficult period of staff reductions and budget cuts. However, there is a risk that further reductions in annual running costs and staff may put undue pressure on its ability to deliver. In particular, The Insolvency Service will have to prove to us that it is sufficiently robust to deal with any potential substantial increase in insolvency casework. (Paragraph 21)

13. The Government welcomes the recognition that high levels of service have been maintained in recent years. It also understands the Committee's concerns that this might change in the future. The recent major reductions seen in the Insolvency Service's workforce have primarily been due to step changes in the level of demand for its Official Receiver services. It is recognised that demand varies, and there is sufficient contingency and flexibility in the agency's resources to deal with expected fluctuations over the next few years.

1 <http://www.publications.parliament.uk/pa/cm201213/cmselect/cmbis/301/301.pdf>

14. In the early part of the last decade Insolvency cases rose rapidly to a peak in 2008/09 and 2019/10, requiring the Service to increase its staffing accordingly. However, since this peak, the insolvency sector as a whole has seen reductions of almost 20% in personal and company insolvencies, with the Service seeing an even greater reduction in bankruptcies (almost 60%), see table 1.

15. The Insolvency Service is planning for a further reduction in caseload during 2013/14. This planning assumption is based on econometric forecasts, overlaid by expert opinion drawn from across the insolvency sector.

Table 1 – Insolvency case numbers 2002 to date

New Cases	Bankruptcy		Company Liquidation	Total Cases
	Debtor Petition	Creditor Petition		
2002/03	17,587	7,612	6,598	31,797
2003/04	21,718	7,966	5,066	34,750
2004/05	29,619	7,943	4,477	42,039
2005/06	43,404	9,982	5,605	58,991
2006/07	54,902	9,708	5,329	69,939
2007/08	52,324	10,033	4,861	67,218
2008/09	60,931	11,129	5,969	78,029
2009/10	61,981	10,499	5,418	77,898
2010/11	45,223	8,102	4,473	57,798
2011/12	30,749	7,720	5,125	43,594
2012/13 (forecast)	23,350	5,900	3,950	33,200

16. In practice, there is a time lag for the Official Receiver teams to see the full impact of falling case numbers. For example, complex creditor and company insolvency cases will often run for more than 12 months and dealing with long term assets such as property can take even longer. Workloads will also change as the relatively straightforward debtor cases form a smaller proportion of the total. This picture is further complicated by the geographic distribution of the cases and skill mix required.

17. Nevertheless, even when account is taken for these factors, there remains some overcapacity within the Insolvency Service. In 2009/10, there were over 2,000 people delivering Official Receiver Services. In 2012/13, there were 1100 people—a reduction of 45% against a fall in case load of 60%. As stated in paragraph 10, a start has already been made to tackle this overcapacity.

18. Future changes and further reductions in employee numbers are envisaged as part of the Insolvency Service's strategy, as it balances its resources with forecast demand and improves operational efficiency. Working to a 3 year timeline allows changes to be made in a measured way, to account for changing market conditions over this period and to ensure that service levels are sustained. In setting resource levels, the agency recognises the need to retain sufficient operational flexibility to manage typical fluctuations in demand and to leave sufficient contingency to deal with an unexpected reversal in case numbers.

19. As part of planned reviews of its operational processes, the Insolvency Service will be exploring mechanisms for dealing with significant future shifts in caseload of the type seen in recent years. There are many positives to be taken from the experience of the past decade, not least of which is the positive manner in which its people responded. However, there are difficult legacy issues resulting from the approaches taken. Any future response needs to be delivered in a more resilient and sustainable way.

20. Looking beyond its Official Receiver activities, demand for the agency's Investigations & Enforcement and Redundancy Payments services has not diminished. The number of people engaged on these front line activities has been largely maintained over recent years. However, there has been a high degree of internal change and movement of people within the Insolvency Service as overall employee numbers reduced. The associated disruption had an operational impact but is now settling down.

Reorganisation of office locations

21. We are concerned that the continued uncertainty over the future of The Insolvency Service estate could have a detrimental effect on the performance of The Service. If the estate is to be rationalised, decisions on office closures cannot be continually deferred. Any rationalisation of the estate will need to demonstrate the ability to maintain existing levels of service and delivery. (Paragraph 28)

22. The Insolvency Service agrees the need for timely decisions and implementation of office relocations. It also acknowledges the need to maintain current service levels within a rationalised estate.

23. The agency has an estates footprint that is about a third too large for its current needs. This leads to a relatively high fixed cost base. This needs addressing as part of ensuring that its public services can be delivered even more cost-effectively.

24. The Insolvency Service finalised and published its decisions on merging 3 pairs of sites (Newcastle/ Stockton, Bournemouth/ Southampton, Medway/ Whitstable) in February 2013. It is progressing implementation. Further estate rationalisation is likely. Developing the detail forms part of the Agency's Plan for the 2013/14 financial year.

25. Relocation decisions are not taken lightly. They take into account customer and employee impacts, the requirement to make best use of government estate, and the agency's strategic as well as financial needs. The assessment also considers operational risk and the need to maintain or improve existing levels of service. Where significant change is proposed, the agency engages with those groups of people affected and seeks to mitigate impacts.

26. As part of rationalising its estates, the Insolvency Service is developing its use of remote interviewing facilities. These are not staffed offices but facilities in wider government buildings that can be used for the purpose of local interviews. From the perspective of an interviewee, replacing an office with an interview facility results in little change from current service levels.

The funding model of the Official Receivers' Office

27. **Funding for the Official Receiver Service relies on a fee-generated income model. It is clear from the evidence we received that this model is unreliable in the current economic climate. We recommend that The Insolvency Service work together with the Department for Business, Innovation and Skills to look at alternative funding models that are sustainable and not wholly reliant on unpredictable levels of casework and asset values. (Paragraph 40)**

28. The Insolvency Service and Department for Business, Innovation and Skills (BIS) agree with the Committee's recommendation to consider alternative funding models.

29. Actions on fees structures taken in 2010 are having a positive effect, with improved cash flow and significantly reduced levels of write-off. The introduction of Debt Relief Orders has also proved to be a more cost-effective alternative for cases with low asset values.

30. Nevertheless, this is an important area to explore further as part of ensuring greater financial stability. BIS and the Insolvency Service have initiated a joint project which is reviewing potential funding models. The intent includes reducing the agency's financial exposure to factors such as case volumes and asset values. The project will report its findings and recommendations during 2013–14, and the agency will take forward further work as appropriate.

Bankruptcy case administration fees-altering the balance

31. **At present, individual debtor bankrupts have to pay an upfront fee of £525. Given the level of debt relief they can receive we agree with The Insolvency Service that it would not be unreasonable to increase that fee, possibly on a sliding scale. We also agree that the fee should not be automatically required to be paid up front but could be staggered along similar lines as payments to debt management companies. We will expect The Insolvency Service to set out progress in both of these areas in its response to this Report. (Paragraph 43)**

32. As the Committee has acknowledged, given the levels of debt relief available, it is not unreasonable to expect bankrupts to pay a fee that helps recover administration costs. This fee also needs to be affordable. It should not be a barrier to individuals seeking bankruptcy, if that is the appropriate debt relief mechanism in their circumstances.

33. The project on funding models referred to above (answer to Paragraph 40) also considers fee structures. This includes exploring the possibility of fees being paid by instalments and/ or linked to the discharge of the bankrupt. The project will report its findings and recommendations during 2013–14, and the agency will take forward further work as appropriate.

Published targets for The Insolvency Service

34. **The target of 68 per cent for stakeholder confidence in the enforcement regime has clearly proved a challenge for The Insolvency Service. Public perception of resource pressures may dampen stakeholder confidence but we do not accept that this is the**

prime reason for The Service to miss its targets in this area. Confidence in the enforcement regime is a key factor in the success of The Insolvency Service. In its response to this Report The Service must demonstrate that it has a strategy for promoting the successes of the investigatory and enforcement regime so that confidence in it can be better measured. (Paragraph 48)

35. The Government shares the Committee's view on the importance of stakeholder confidence in the enforcement regime.

36. Typical actions to enhance positive perceptions revolve around increasing awareness, provision of information, feedback and straightforward engagement. The Insolvency Service already does much of this. For example, the agency:

- has significantly increased the press coverage it receives, up from 283 articles in 2010 to 1085 in 2012, with the level of positive coverage also increasing from 47% to 79% in the same period. Many of these stories relate to investigation outcomes.
- has worked closely with a range of external organisations, such as the Trading Standards Institute and the Metropolitan Police to raise awareness of its enforcement activities and of how people can raise concerns about possible director misconduct.
- has engaged with insolvency practitioners (IPs), their recognised professional bodies and their trade body, R3, to simplify reporting processes, enhance guidance and ensure improved feedback on the outcomes of "possible misconduct" reports provided by IPs.

There is, nevertheless, clearly scope for improvement and the Service has an absolute ambition to improve confidence in the enforcement regime.

37. Work is already underway to strengthen the Service's communications on enforcement matters and to identify those actions which will improve opinion of the enforcement regime. This will include a strategic review of recent confidence survey results, longer term trends and the effectiveness of actions previously taken, as well as a range of actions already identified, including:

- Media training for Official Receivers and senior investigators, to improve our interaction with local newspapers and radio;
- Use of social media to improve the reach of our messages, and enhance our stakeholder relationships, and publicising our successes in winding-up of companies and director disqualifications;
- Improved engagement with the wider business community to promote our activity and encourage the reporting of misconduct.

Investigation and enforcement resources

38. Both the insolvency industry and The Insolvency Service have recognised that resource constraints, both in terms of funding and staffing, have had an impact on the investigatory and enforcement regime. While we welcome additional funding from the

Department for Business, Innovation and Skills, we remain concerned that this area of activity remains under-resourced. (Paragraph 61)

39. The Government welcomes the Committee's support for the investigation and enforcement work that the Insolvency Service undertakes. Overall funding for this area has been maintained in budgets for 2013/14.

40. The Insolvency Service acknowledges that investigation and enforcement outputs have dipped since 2010. This is primarily attributable to the high degree of change within the agency as overall employee numbers reduced. There has been a 38% internal turnover of employees within its Investigation and Enforcement teams in recent years, with a higher proportion of over 60% in front-line investigation roles. Overall numbers of employees in this part of the agency have been maintained.

41. The position is improving as new teams and skills embed. Although full year outputs for 2012/13 will show continued impact, in the second half of this year the agency has been delivering closer to expectations and to the levels seen in previous years (e.g. over 600 disqualifications have been secured in the past 6 months).

42. There is nothing to suggest that this temporary dip in investigation outputs has had an impact on director behaviours. There has not been an increase D1 reports by insolvency practitioners as a proportion of non-compulsory corporate insolvencies—this fell slightly from 35% in 2010–11 to 28% in 2011–12, and overall stakeholder confidence in the regime is largely unchanged. Nonetheless, as noted above (answer to paragraph 48), the Insolvency Service needs to reinforce the profile of its investigation and enforcement activities to counter perceptions of recent resource shortfalls.

43. We are strongly of the opinion that the levels of disqualification of errant directors should not be determined by an arbitrary level set in what The Insolvency Service describes as the public interest. We believe that any dilution of enforcement activity would send entirely the wrong message to delinquent directors and recommend that the Department provides The Insolvency Service with sufficient, and if necessary, additional funding to disqualify or sanction all directors who have been found guilty of misconduct. (Paragraph 62)

44. The Government recognises the contribution that an effective disqualification regime makes to ensuring confidence in the integrity of the business environment. Disqualification is a powerful tool which can be used against those who abuse the privilege of limited liability.

45. It is also important to recognise that the fact a company has failed does not necessarily mean that the directors are guilty of misconduct.

46. The number of disqualifications obtained by the Insolvency Service is not set at an arbitrary level. The Insolvency Service aims to take forward any case referred to it where evidential and public interest criteria are both met. The primary test in deciding whether to proceed with disqualification is an evidential one. There needs to be a realistic prospect of a successful disqualification, which is generally interpreted by the agency as an over 50% chance of success. A subsequent public interest test may then be used, if necessary, to determine prioritisation of activities. This prioritisation ensures sufficient balance to the

different types of investigations progressed by the agency (i.e. not just disqualifications, but also bankruptcy restrictions or winding up orders).

47. As noted above (answer to Paragraph 61), extensive internal change within the Insolvency Service has had a temporary impact on outputs since 2010. Over the past 3 years, some 2.5% of disqualification cases identified in the initial assessment as suitable for investigation were not commenced. This is a number that the agency seeks to minimise. The public interest tests ensured that these cases were of low severity and that an overall balance in the types of cases progressed was maintained.

48. Current levels of investigation and enforcement activity are closer to that seen in previous years. On that basis, this should be sufficient to maintain the integrity of the business environment. Nonetheless, given the concerns raised by the Committee and feedback from insolvency practitioners on the numbers of “possible misconduct” reports being taken forward, the Insolvency Service intends to look again at how it assesses and prioritises cases. This will be done during 2013/14, with the goal of ensuring greater transparency on its processes and shared expectations on its investigation and enforcement outputs.

Reform of pre-packs

49. We therefore recommend that together, the Department and The Insolvency Service commission research to renew the evidential basis for pre-pack administrations. (Paragraph 72)

50. The Government has recently announced an independent review which will enable further evidence to be gathered on how pre-packs are working in practice, and whether further steps are required. This addresses the Committee’s recommendation.

51. The review will be launched in the summer after the Service has reported on its current monitoring of pre-packs (as described below) and the new SIP 16 controls on pre-packs have been put in place (answer to Paragraph 80, below).

52. The Insolvency Service has continued to update its intelligence on pre-packs. In particular, the agency has been:

- investigating, on a risk assessed basis, the use of pre-packs by small to medium sized Insolvency Practitioner (IP) firms where there have been a number of previous instances of breaches of the Statement of Insolvency Practice (SIP16).
- monitoring the relationship between IPs and online introducers to see whether the pre-pack process is being abused through misleading advertising.

53. Where the Insolvency Service identifies possible misconduct on the part of an IP, this is referred to the recognised professional body for consideration and possible action.

54. The Insolvency Service routinely liaises with academics undertaking research into insolvency. On the topic of pre-packs specifically, it engaged with research into the control exercised by secured creditors over insolvent companies. The question was whether there is evidence of exploitation of conflict of interests in a pre-pack where the sale is back to a connected party. (This research found no evidence of this.) Another example is the

agency's provision of relevant data and insight from its experience to support academic research into the important issue of valuations in a pre-pack.

Penalties for non-compliance

55. In May 2009, our predecessor Committee expressed concerns about the lack of transparency, resultant abuse of pre-pack administrations and their link to 'phoenix companies'. Despite the introduction of Statement of Insolvency Practice Note 16 and additional guidance, pre-pack administrations remain a controversial practice. The Insolvency Service is committed to continue to monitor SIP 16 compliance, but to make this effective, non-compliance needs to be followed through with stronger penalties by way of larger fines and stronger measures of enforcement. (Paragraph 80)

56. The Government is committed to ensuring effective enforcement.

57. The Insolvency Service is strengthening its role as the oversight regulator of the IP profession. A new senior post to lead related activities will be filled shortly. This will include working with the insolvency regulators to drive action on commitments that will enhance enforcement and improve confidence in the proper use of insolvency frameworks.

58. A revised and strengthened SIP16 and common sanction guidance is close to implementation. This is expected to be in place over coming months. The new SIP16 will require IPs to move faster in informing creditors about pre-packs. It will also require a specific and explicit statement by the IP to confirm that a pre-pack was the most appropriate method of producing the best return for creditors.

59. The Insolvency Service is working with the insolvency regulators to develop and publish common sanction guidance. This will increase transparency and will help complainants understand the complaints process and disciplinary outcomes. This should, over time, lead to increased confidence in IPs.

60. Where there is evidence of material detriment to creditors as a result of IP behaviours, the Government is committed to ensuring that regulatory bodies enforce strong penalties and that those penalties are made public.

61. We recommend that The Insolvency Service amend its monitoring processes to include feedback to each insolvency practitioner and their regulatory body where SIP 16 reports have been judged to be non-compliant. We further recommend that the criteria by which SIP 16 reports are judged should be published alongside the guidance. (Paragraph 81)

62. The monitoring which the Insolvency Service has so far conducted has focused primarily on the extent to which IPs have complied with the disclosure requirements of SIP 16. This has revealed significant levels of non-compliance, but in many of the cases the non-compliance was of a minor and technical nature and did not result in material detriment to creditors. The agency has responded through a programme of education with IPs to ensure the requirements of the SIP were understood (including a webinar).

63. As noted above (response to Para 72), the Insolvency Service is focussing resource to enhance its intelligence on the use of pre-packs through targeted investigation. This is

going beyond simply reviewing SIP compliance to assess potential abuse of the pre-pack procedure. Where potential abuses of any significance are found these are reported to the relevant regulatory body so that appropriate action can be taken.

64. SIP16 is currently being revised and strengthened. Pending the introduction of the revised SIP16, the criteria by which reports are being judged is compliance against the existing SIP16, read together with the guidance given to insolvency practitioners in Dear IP No 42 in October 2009. That guidance was produced in consultation with the Recognised Professional Bodies and has been issued to all insolvency practitioners by the Insolvency Service.

65. The guidance was published on the Insolvency Service's website and is available at: <http://www.insolvencydirect.bis.gov.uk/insolvencyprofessionandlegislation/dearip/dearipmill/fullissue42.doc>

Continuation of supply

66. We recommend that the Department undertake a consultation as a matter of urgency on the rules relating to the continuation of supply to businesses on insolvency in order to assess whether a greater number of liquidations or further damage to businesses could be avoided if that supply was better protected. (Paragraph 86)

67. The Government agrees with the Select Committee that this is an important issue.

68. There is already in the legislation a limited list of providers who may seek a personal guarantee from an insolvency practitioner before continuing to supply to an insolvent business, but who may not demand payment of pre-insolvency debt as a condition of further supplies.

69. The Government recently tabled an amendment to the Enterprise and Regulatory Reform Bill currently before Parliament which extends this to IT suppliers and on-sellers of utilities. The amendment will enable new powers which, when exercised, would render void those contractual terms that allow withdrawal of specific business critical supplies to a company that has entered certain formal insolvency procedures, or to change the terms for such supply, on account of the insolvency.

70. The reason for taking powers as opposed to changing the law is to enable consultation to take place on the detail. The Government will consult with interested parties before deciding how and in what terms to exercise the new powers.

Complaints against Insolvency Practitioners

71. We welcome the news that the insolvency industry and the regulators have been working together to create common regulatory standards across the profession. The creation of a single gateway for complaints, common standards and a common appeals process would be an important step in this regard. We agree that The Insolvency Service, in regulating the recognised professional bodies (RPBs), should have a wider range of powers, very much akin to those that the RPBs themselves have in disciplining their members. (Paragraph 97)

Many insolvency complaints are about the legal framework or a creditor's financial loss rather than a failing in the insolvency practitioner's conduct. Often complainants are simply dissatisfied with an insolvency and the financial loss they have suffered. A simplified complaints system, which included greater publicity about the operation and scope of the current system, signposting of disciplinary outcomes and expectation management of potential complainants, could go some way to providing a clearer picture of the work of insolvency practitioners. We expect the industry, as a matter of good practice, to publish an annual report detailing complaints and progress in this area. (Paragraph 98)

72. The Government welcomes the Committee's endorsement of the proposed reforms.

73. Work on these reforms is well under way. A new complaints gateway means that in future virtually all complaints about IPs will come first to the Insolvency Service, where they will be subject to an initial assessment before being forwarded, as appropriate, to the relevant Recognised Professional Body (RPB) for action. This, together with common sanctions guidance and measures to introduce greater consistency across the appeals processes for insolvency practitioner complaints, will be the first reform measures in place. These will be implemented by the summer.

74. The Government has also said that it intends to strengthen the powers of the Insolvency Service as oversight regulator when legislative time permits.

75. The Insolvency Service already publishes a review called the, 'Annual Review of Insolvency Practitioner Regulation', which details complaints against Insolvency Practitioners and any published sanctions handed out. It intends to continue publishing this.

Remuneration of IPs

76. Insolvency practitioner fees continue to be a vexatious issue and more needs to be done to educate the public and creditors about the fee-setting regime. We welcome the announcement of the review led by Professor Kempson and expect an update on progress on this issue in the response to this Report. (Paragraph 107)

77. The Government is pleased to see Select Committee support for the recently announced review of IP fees. The review is expected to produce final recommendations for consideration by the Secretary of State and the Minister with responsibility for insolvency issues by the end of June 2013.

78. We welcome The Insolvency Service's continued monitoring of compliance by insolvency practitioners with the Statement of Insolvency Practice Note 9. Whilst we recognise that unsecured creditors will not be comforted by this alone, more needs to be done to advertise the process of creditors committees. We also believe it is important for The Insolvency Service to encourage unsecured creditors such as the HMRC, Government Departments, and the Redundancy Payments Service to actively participate in creditor committees. (Paragraph 108)

79. The Insolvency Service, via its involvement in the Joint Insolvency Committee, continues to monitor the effectiveness of all Statements of Insolvency Practice.

80. Government agencies are often an unsecured creditor in insolvencies and therefore have an important role to play. Both HMRC and the Insolvency Service's Redundancy Payments Service take their responsibilities seriously. They intervene when they believe doing so will result in a better return for creditors.