

Corporate Plan 2013-16

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Business Plan 2014-15





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# Foreword

## by The Accountant in Bankruptcy and Agency Chief Executive

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This plan sets out an exciting agenda of work for the Accountant in Bankruptcy (AiB) over the financial year 2014-15 as well as setting out our longer-term vision and programme over 2013-16.

After a busy year in 2013 the pace of change will continue in 2014-15. Whilst the focus of many in Scotland will be on the Commonwealth Games, Independence Referendum and the Ryder Cup, we will be seeking to ensure that the Bankruptcy and Debt Advice (Scotland) Act will be implemented in the spring of 2015. To achieve this aim AiB will continue to work with all our stakeholders to develop the supporting legislation during 2014-15. AiB will also require to implement significant changes to our ICT systems and processes to facilitate the operational delivery of the new legislation.

In hosting the International Association of Insolvency Regulators Annual Conference in 2013, AiB was able to showcase Scotland as not only a country of innovative practices in relation to insolvency, but also as an ideal tourist destination. This year the conference will be hosted in Washington DC, but the AiB will continue to play an active role in sharing best practice across country boundaries. In light of the prevailing economic climate across the world, the sharing of expertise will become increasingly important for all government institutions.

Our ambitious vision of a **Financial Health Service for Scotland**, as outlined in this document, will only be possible with the continued dedication and enthusiasm of all the committed staff of AiB and all our stakeholders. This document outlines AiB's planned actions but it will be equally important that our stakeholders continue to work with us in partnership to develop the best possible services that will provide **access to fair and just processes of debt relief and debt management for the people of Scotland, which takes account of the rights and interests of those involved.**



**Rosemary Winter-Scott OBE**

The Accountant in Bankruptcy and  
Agency Chief Executive

# The Agency – our vision, mission, values and key functions

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## Who we are

AiB is an Executive Agency of the Scottish Government under the terms of the Scotland Act 1998. The Agency operates independently and impartially while remaining directly accountable to Scottish Ministers. The Accountant in Bankruptcy (The Accountant) is an Independent Statutory Officer and an officer of the court appointed under section 1 of the Bankruptcy (Scotland) Act 1985, as amended.

## Our vision

Our vision is of:

**A 'Financial Health Service', providing access to debt advice, debt management and debt relief, building the financial capability of individuals, and preventing future debt problems.**

The underlying legislation for Bankruptcy in Scotland is from 1985. The financial environment that we inhabit has changed dramatically over this time. We believe that we must build a new insolvency system that is aligned with AiB's mission.

## Our mission

Our mission is to:

**Ensure access to fair and just processes of debt relief and debt management for the people of Scotland, which takes account of the rights and interests of those involved.**

## Our values

How people perceive AiB will be determined by how we as employees communicate with our stakeholders. How committed staff are to providing a high level of service to stakeholders is directly related to how we work together. Each of us working in AiB will, in all our dealings, uphold these values and ensure our activities are:

- > independent
- > responsive
- > accountable
- > transparent
- > fair
- > open.

## Key functions

Much of our mission is defined by our statutory functions, which can be split into the following broad categories:

### Supporting Ministers to develop and refine policy by:

- > developing policy for personal insolvency, diligence and developing arrangements for corporate insolvency in Scotland
- > developing policy for the Debt Arrangement Scheme (DAS)
- > developing debt advice policy
- > developing Scotland's Financial Health Service, providing access to sources of information and advice on debt and borrowing.

### Supervising the insolvency process by:

- > supervising the operation of the bankruptcy process including the performance of trustees and commissioners in the exercise of their statutory duty
- > regulating and supervising the registration and administration of trust deeds, including the performance of trustees

# The Agency – our vision, mission, values and key functions

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- > investigating and applying for Bankruptcy Restriction Orders or agreeing Bankruptcy Restriction Undertakings (BROs/BRUs)
- > registering company insolvency documents required to be filed by receivers and liquidators in terms of the Insolvency Act 1986.

## **Providing statutory information on our public registers by:**

- > maintaining a public Register of Insolvencies (ROI), which records bankruptcies awarded by the Scottish Courts or by the Agency. The ROI also provides information on Protected Trust Deeds (PTDs), Bankruptcy Restriction Orders (BROs), Bankruptcy Restriction Undertakings (BRUs) and corporate insolvencies
- > maintaining the Debt Arrangement Scheme (DAS) register, which records details of individuals who are repaying their debt through a DAS Debt Payment Programme (DPP) or have intimated an intention to submit a DAS application.

## **Delivering, with stakeholders, a range of options for individuals seeking debt relief and debt management by:**

- > determining debtor applications for bankruptcy
- > acting as trustee in all bankruptcies awarded by the Agency, where The Accountant does not appoint a named person to be the trustee
- > acting as trustee in all bankruptcies awarded by the Sheriff Courts, where a sheriff does not appoint a named person to be trustee
- > acting as interim trustee before the award of bankruptcy except in those cases where an alternative interim trustee is appointed when nominated by the petitioning creditor
- > acting as trustee as appointed by the sheriff on the resignation or death of the original trustee where no new trustee is elected

- > undertaking the functions of the commissioners in bankruptcies where none are elected by creditors
- > adjudicating DAS Debt Payment Programme (DPP) applications and approving DAS money advisers when required.

## **Achieving best value services to customers by:**

- > reducing the requirement for public funding
- > maximising the return to creditors
- > embedding efficient systems and processes.

# Scottish Government priorities

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The Scottish Government's purpose is to focus government and public services on creating a more successful country with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.

The government's purpose is delivered through seven Purpose Targets, supported by five Strategic Objectives with 16 National Outcomes as the clear and consistent set of priorities across government and its agencies. Together with 50 National Indicators and targets, activity and contributions are directed towards the single overarching purpose. The [National Performance Framework](#) demonstrates the Scottish Government's route to achievement of its purpose.

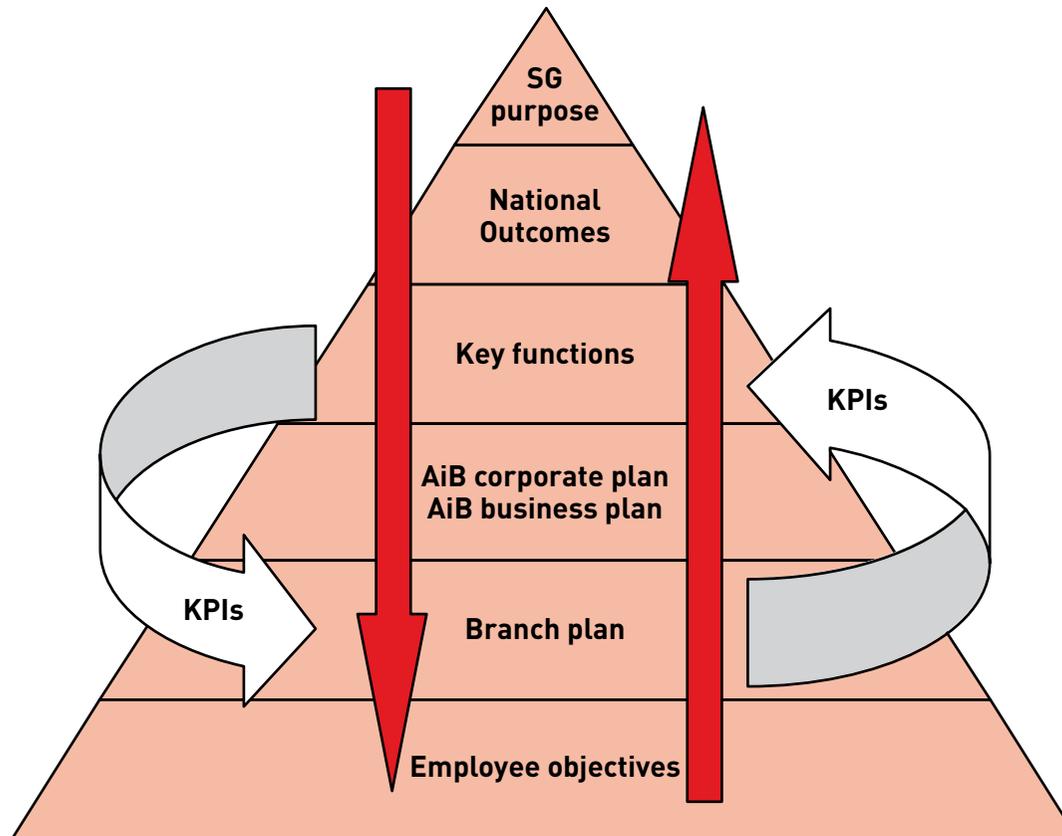
The work completed by AiB contributes to the following outcomes:

- > We live in a Scotland that is the most attractive place for doing business in Europe (Outcome 1)
- > We realise our full economic potential with more and better employment opportunities for our people (Outcome 2)
- > We have tackled the significant inequalities in Scottish society (Outcome 7)
- > We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others (Outcome 11)
- > We reduce the local and global environmental impact of our consumption and production (Outcome 14)
- > Our public services are high quality, continually improving, efficient and responsive to local people's needs (Outcome 15).

AiB has been part of the Finance, Employment and Sustainable Growth portfolio since 2011. The Agency reports its performance to the Head of the Business Directorate of the Scottish Government.

# AiB's performance framework

The Agency measures its performance against achievement of its agreed objectives and its contribution towards Scottish Government National Outcomes, using a number of Key Performance Indicators (KPIs).



# Corporate governance and risk

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Corporate governance is the combination of processes and structures implemented by the organisation in order to inform, direct, manage and monitor the activities of the Agency towards the achievement of its objectives. AiB has effective corporate governance procedures in place. The Agency's Framework Document sets out our governance arrangements and describes:

- > the responsibilities of the statutory role of The Accountant in Bankruptcy and Scottish Ministers
- > the relationship between The Accountant in Bankruptcy and the Scottish Ministers
- > the Agency's objectives and performance measures
- > the management and resources framework within which the Agency operates.

The Chief Executive, who is also The Accountant in Bankruptcy and Accountable Officer, has overall responsibility for implementing and monitoring risk-management arrangements as part of a robust corporate governance framework. This involves the active monitoring and reporting of risks on a quarterly basis to monitor whether or not the risk profile is changing, to gain assurance that risk management is effective and to identify when further action is necessary. The Chief Executive and Accountable Officer is supported in her role by a Board of Non-Executive members (see structure diagram on page 29).

Regular discussions take place with senior managers to provide assurance and ensure a comprehensive and coordinated approach to managing risk and the successful delivery of Agency functions and projects. Managing our business will be challenging in this uncertain political and economic environment and planning is ongoing to ensure that the Agency would be able to deliver effectively in the event of constitutional change following the referendum in September 2014.

During the second year of this plan we will develop a comprehensive set of management information that will better inform the Board of current performance which allows us to identify risks earlier and determine whether activity to mitigate these risks is effective. The Chief Executive is supported in her role by the Audit Committee and the advisory work of Internal Audit.

## Context and vision

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In Scotland, the terms 'sequestration' and 'bankruptcy' are often used interchangeably. Sequestration is the Scottish term for bankruptcy. Bankruptcy is a statutory process where individuals who are experiencing financial difficulties are able to obtain debt relief whilst their estate is realised by a trustee for the benefit of their creditors. It is part of the business infrastructure where creditors have an effective process to maximise the recovery of their debt and debtors are able to obtain a fresh start with the burden of their debt removed.

Bankruptcy law in Scotland dates back to the Scottish Parliament Bankruptcy Act 1621, although it was the Bankruptcy (Scotland) Act 1856 that laid down the process and is largely retained in today's legislation. The Bankruptcy (Scotland) Act 1985 has been amended in recent years to improve the provision of debt relief. The Agency has set out plans to reform bankruptcy legislation and its vision programme aims to develop and deliver significant reform to Scottish bankruptcy legislation and associated Regulations, over the lifetime of this Parliament.

The goal is to deliver a system of debt advice, debt management and debt relief fit for the 21st century, under the umbrella of a 'Financial Health Service' – providing rehabilitation to individuals and organisations in relation to their financial pressures, while acknowledging their financial responsibilities. The Bankruptcy and Debt Advice (Scotland) Bill (BADA(S)) is the first time in a generation that the principles and concept of bankruptcy have been considered. AiB has made it a priority to ensure that Scotland leads the way in the development of a modern service which responds effectively to meet the rights and needs of debtors and creditors.

The key principles of the new services will be to:

- Provide the people of Scotland with access to fair and just processes of debt advice, debt relief and debt management

- Ensure debtors who can pay should pay their debts, whilst acknowledging the wide range of circumstances and events that contribute towards financial difficulty and insolvency for both individuals and businesses
- Secure the best return for creditors by ensuring that the rights and needs of those in debt are balanced with the rights and needs of creditors and businesses.

Following a public consultation in spring 2012, the Scottish Government set out its plans for a Bankruptcy Bill in November 2012. Ongoing dialogue with our wide stakeholder group has supported further developments to the planned reforms. AiB published details of the policies included in the Bill, Protected Trust Deed and Debt Arrangement Scheme Regulations on 28 February 2013. The package of measures will provide debt solutions that are fit for the world we live in today and will focus on the following categories:

# Context and vision

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## Advice, education and application process

- > Money advice is compulsory prior to accessing any statutory debt solution
- > Financial education as an integral part of a statutory debt relief process, for certain individuals, linked to published criteria
- > A six-week moratorium across all statutory solutions, helping to ensure that individuals have time to take appropriate advice and make an application for the relevant solution
- > Simplification of the 'apparent insolvency' criteria and an increase of minimum debt level to £3,000 in bankruptcy.

## Financial assessment

- > A single Scottish-specific common financial tool to be developed and to be used to help determine the appropriate debt solution for individuals (DAS, PTDs and bankruptcy)

- > A standard minimum contribution period of 48 months in the Debt Arrangement Scheme, Protected Trust Deeds and Bankruptcy (unless full debt can be paid back in a shorter period).

## Debt solutions and processes

- > A new 'Minimal Asset Process' route for individuals on state benefits who have been assessed as being unable to make a contribution and have limited assets
- > Provision for a payment break where an income shock has been experienced
- > Discharge of debtor linked to co-operation and discharge delayed indefinitely when debtor cannot be traced
- > AiB to have new administrative powers in relation to some procedures currently dealt with by sheriff court but with the retention of an appeal route to a sheriff.

## Protected Trust Deeds (PTDs)

- > Changes to the way in which insolvency practitioners can charge fees

- > Pre-trust deed fees and outlays are excluded
- > A new minimum debt level
- > Introduction of a standard front sheet to ensure greater clarity for creditors and annual updating of performance of the PTD
- > Advertising of trust deeds through the Register of Insolvencies rather than the Edinburgh Gazette
- > Greater use of AiB's supervision powers and powers of direction.

## Debt Arrangement Scheme (DAS)

- > A review process for decisions made by DAS Administrator
- > Earlier freezing of interest and charges
- > Composition to be available after the Debt Payment Programme (DPP) has subsisted for 12 years and 70 per cent of debt has been repaid
- > A new DAS type scheme for sole traders and small business partnerships as an early intervention to help prevent insolvency of small Scottish businesses.

## Context and vision

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Further measures will be made through supporting regulations and guidance.

The Bankruptcy and Debt Advice (Scotland) Bill was introduced to the Scottish Parliament in June 2013 with Royal Assent granted on 29 April 2014. Later in a parliamentary session, the Act will be followed by a Consolidation Bill, ensuring that, so far as possible, we have a single piece of bankruptcy law. This will aid the accessibility and understanding of this complex area of law.

Changes to DAS took effect from July 2013 and the new PTD rules from November 2013. New regulations in support of Business DAS are expected in autumn 2014. A full package of regulations in support of the BADA(S) Bill will be progressed during 2014.

Within this three-year Corporate Plan we will deliver our key priority of reforming Scotland's bankruptcy law. During the lifetime of this plan the Scottish independence referendum will be held in September 2014. As a part of Scottish Government, AiB will accept any additional responsibilities arising from new powers, and we are working to ensure that we can meet any new requirements.

# Business as usual activity

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The three-year Corporate Plan identifies key corporate goals that aim to develop, refine and improve our processes. AiB will continue to strive to improve the day-to-day services delivered to our customers and stakeholders. The core areas of our service delivery are:

## Customer service

The Agency is committed to providing a quality service to all customers and has a Standards of Service document which sets out the standards we aim to provide. This document also provides information on the complaints procedure for customers who are dissatisfied with the level of service they have received. We value both positive and negative customer feedback and use this to identify any areas where we can improve and where we are getting things right.

## Registration of insolvencies and adjudication of debtor bankruptcy applications

Our Insolvency Registration Team is responsible for the registration of bankruptcies and corporate insolvencies. The adjudication of debtor bankruptcy applications is also the responsibility of the team. On award of bankruptcy this information appears on the Register of Insolvencies. The register can be accessed free of charge and a commercial download facility is also available to subscribers.

## Bankruptcy administration

We manage a number of cases in-house including cases awarded under Low Income Low Asset (LILA) criteria. This role includes the realisation of assets and collection of contributions from debtors.

## Contract operations

A proportion of cases are managed by providers through AiB's contract for insolvency services. The new contract came into force from 1 April 2013. AiB staff work closely with our providers to ensure cases are progressed efficiently and are managed in accordance with our Operating Manual.

## Efficiencies and Technology

The Efficiencies and Technology Team is responsible for business analysis functions to improve operational processes and identify requirements to be incorporated in our internal computer systems. The team also plays a lead role in the management of key Information and Communication Technology (ICT) projects. The day-to-day support of our ICT systems and development of management information reports are also delivered through the Efficiencies and Technology Team.

# Business as usual activity

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## Debt Arrangement Scheme (DAS)

The Accountant in Bankruptcy is also the DAS Administrator and in this role has responsibility for the application of the 'fair and reasonable test' on DAS Debt Payment Programme (DPP) applications and the maintenance of the DAS Register. AiB is responsible for the submission of DPP applications to creditors on behalf of public sector money advisers and conducting annual reviews on approved DPPs where there is no continuing money adviser.

## Supervisory role

Where a private trustee is responsible for the administration of a bankruptcy, AiB has a statutory role to supervise this process. We audit and determine trustee accounts where no commissioners have been elected and report inappropriate behaviours to the sheriff. From April 2008, AiB also became responsible for supervision of Protected Trust Deeds.

Whilst work on business plan objectives continues, we will maintain our commitment to deliver high-quality services across all areas of our business whilst aiming to reduce cost to the public purse.

# Corporate goals and targets

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The following corporate goals and targets, commencing on page 14, were set when the three-year Strategic Plan was developed in 2012 to cover 2013-16.

The decision has been taken to not replace this Corporate Plan with a new rolling three-year plan at this stage. Instead, the corporate goals have been updated and refined based on progress made to date. A new three-year Corporate Plan will be developed later in 2015/early 2016.

Throughout this corporate planning period we will ensure that all current and proposed business of the Agency is tested against its potential contribution to the vision of a Financial Health Service for Scotland and the Scottish Government's purpose.

**Objective (what)**

**Facilitate Scottish insolvency and debt management legislative provision that supports economic growth and the vision of a Financial Health Service, which provides appropriate Scottish insolvency and debt management solutions and the rehabilitation and education of those in debt**

**Board owner (who)**

**Claire Orr**

**Outcome (why)**

Ensuring that everyone can access appropriate debt management or debt relief solutions that meet their circumstances while providing a fair return to creditors therefore supporting the Scottish economy.

**National outcome**

We realise our full economic potential with more and better employment opportunities for our people.

We have tackled the significant inequalities in Scottish society.

We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others.

Our public services are high quality, continually improving, efficient and responsive to local people's needs.

**What we will do to achieve this (how)**

- > Introduce the Bankruptcy Bill 2013 (Bankruptcy & Debt Advice (Scotland) Bill ) to the Scottish Parliament
- > Support the delivery of the Bankruptcy Bill and associated legislation
- > Introduce revised regulations relating to the Debt Arrangement Scheme and Protected Trust Deeds
- > Introduce revised Scottish Corporate Insolvency Rules to modernise the administration processes
- > Introduce and support the delivery of a Bankruptcy Consolidation Bill
- > Develop and deliver a wide range of regulations in support of the BADA(S) Bill
- > Undertake a review of existing diligence provision.

**Target date (when)**

- > June 2013
- > April 2013 – March 2014
- > Summer and autumn 2013
- > April 2014
- > After April 2015
- > April 2014 – March 2015
- > June 2014 – March 2015

**Objective 2**

**Objective (what)**

**Develop a new operational model to translate bankruptcy reform into efficient business processes which supports the delivery of excellent public services and enables AiB to maintain its progress towards full cost recovery on its delivery services**

**Board owner (who)**

**John Cook  
Graeme Watson**

**Outcome (why)**

To ensure that our services are high quality, continually improving, sustainable and efficient in line with the Scottish Government's National Outcomes and also sustainable and resilient to changes in volume.

**National outcome**

We realise our full economic potential with more and better employment opportunities for our people.

We have tackled the significant inequalities in Scottish society.

**What we will do to achieve this (how)**

- > Adopt a best value approach in the delivery of all services, ensuring that all services are delivered efficiently to meet stakeholder and customer needs and reducing costs where possible
- > Identify key processes for delivery of services and implement efficiencies
- > Develop a comprehensive unit cost monitoring system for key Agency services
- > Improve the Agency's statistical and analysis functions
- > Reduce environmental impact through sustainable procurement and best working practices
- > Review of the roles, responsibilities and staffing needs of operational staff required to deliver the new service and integrate new processes into our operational model
- > Review our fees, at least once in the lifetime of this plan, taking into consideration impact of bankruptcy reform
- > Deliver an efficiency saving of at least three per cent per year.

**Target date (when)**

- > Ongoing to March 2016
- > March 2016
- > Assessed annually in March

**Objective 3****Objective (what)**

Develop a new Information and Communications Technology (ICT) system that supports the delivery of the new operational model and is consistent with the delivery of the Scottish Government's Digital Public Services Strategy

**Board owner (who)**

John Cook  
Graeme Watson

**Outcome (why)**

Ensuring our case management system is fit for purpose and meets current and future needs.

**National outcome**

Our public services are high quality, continually improving, efficient and responsive to local people's needs.

**What we will do to achieve this (how)**

- > Develop a trust deed advertising system
- > Develop corporate systems within the Agency that support the delivery of continuous improvement initiatives
- > Review the functionality of both Contracted Out Insolvency Services (COIS) and Debt Arrangement Scheme Hub (DASH) systems, in the lifetime of this plan, to ensure they meet legislative and stakeholders' requirements
- > Develop and implement a case information system that supports the delivery of new legislation
- > Redesign the Agency's internet site
- > Increase the number of electronic transfers undertaken and received by the Agency.

**Target date (when)**

- > Completed in November 2013
- > March 2015
- > March 2015
- > March 2015
- > September 2015
- > March 2016

**Objective 4**

**Objective (what)**

To have a workforce who are multi-skilled, flexible and capable of delivering existing and future services provided by the Agency that meets the needs of our stakeholders

**Board owner (who)**

Graeme Watson

**Outcome (why)**

Over the lifetime of this plan new legislation and the new ICT systems will require staff to adopt new working practices and develop new skills.

**National outcome**

We realise our full economic potential with more and better employment opportunities for our people.

We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others.

Our public services are high quality, continually improving, efficient and responsive to local people's needs.

**What we will do to achieve this (how)**

- > Annually refresh our learning and development strategy to ensure it continues to meet the Agency's vision and that consideration is given to all new skill areas especially in relation to the introduction of new legislation and new powers
- > Continue to invest in relevant staff development, including appropriate professional qualifications, to ensure that existing and new services are delivered effectively
- > Deliver appropriate specialist training to staff in line with AIB's learning and development strategy
- > Ensure AIB maintains its IIP Gold Standard
- > Ensure AIB is recognised for positive employee engagement.

**Target date (when)**

- > Completed in April 2013
- > Ongoing to March 2016
- > Ongoing to March 2015
- > Annual assessments
- > Annual assessments

**Objective (what)**

**Ensure Scotland contributes to the international landscape of insolvency regulations**

**Board owner (who)**

**Rosemary Winter-Scott**

**Outcome (why)**

Ensuring that AiB learns from best practice elsewhere in the world and that AiB and Scotland are recognised for their progressive approach to bankruptcy legislation.

**National outcome**

Our public services are high quality, continually improving, efficient and responsive to local people's needs.

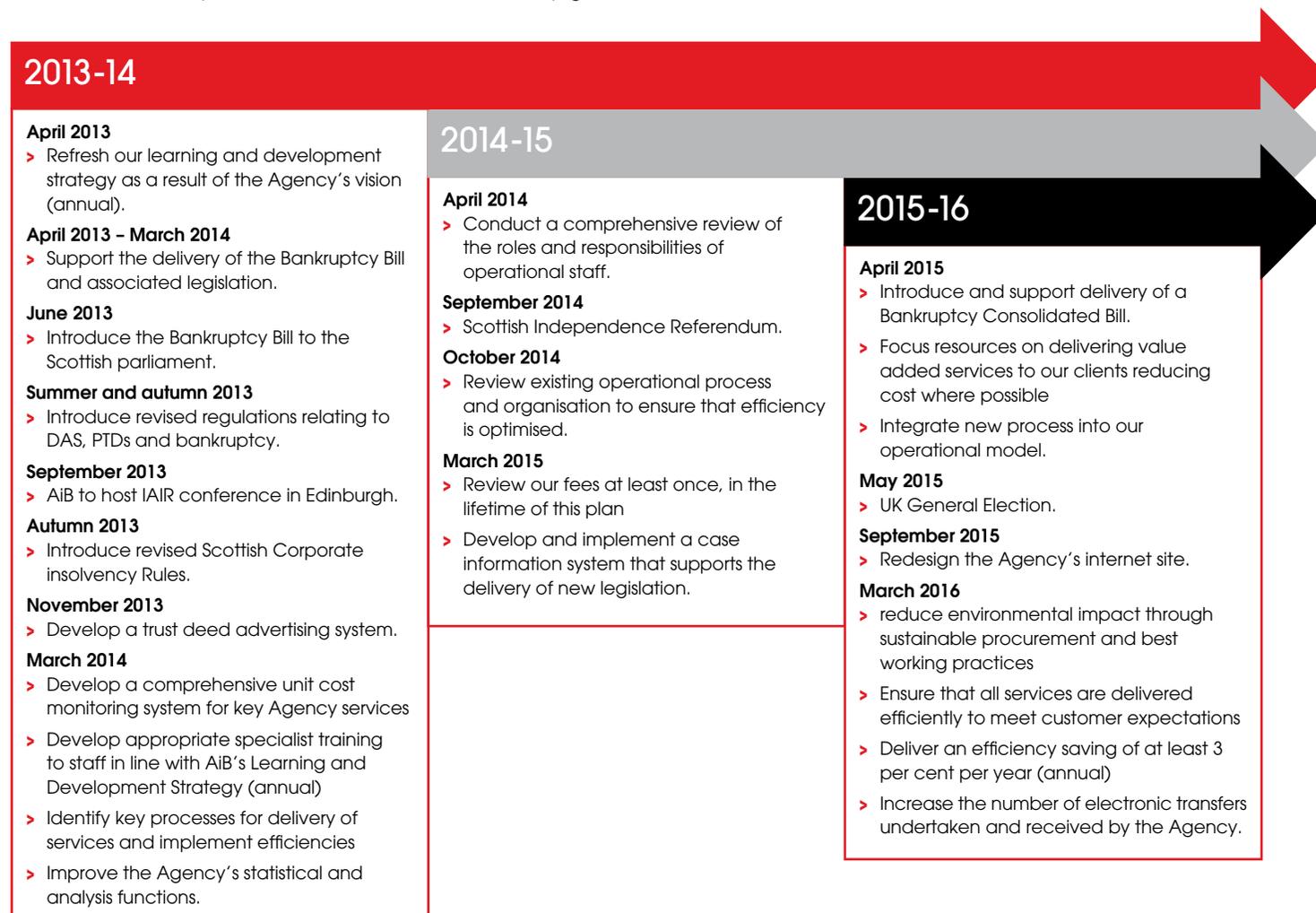
**What we will do to achieve this (how)**

- > Develop and agree with the IAIR Executive Committee a service level agreement for delivering a successful conference that can be used by future host nations
- > The Agency to host a successful IAIR conference in Edinburgh
- > Actively engage with international bodies on promoting Scottish interests
- > Provide leadership to IAIR by chairing the organisation
- > Contribute to the organising of IAIR conferences, based on the learning of the Edinburgh conference
- > Participate in IAIR studies which look at identifying and sharing best practice
- > Participate in the '5 Nations' subgroup of IAIR (UK and Irish insolvency regimes) which meets to share best practice and experiences twice a year.

**Target date (when)**

- > Completed October 2013
- > Completed September 2013
- > Ongoing to March 2016
- > Ongoing
- > Ongoing to next conference September 2014
- > Ongoing to March 2016
- > Ongoing

The diagram below illustrates the work undertaken in the first year of this plan and that to be undertaken by the Agency during the remainder of the plan. This also illustrates other key government milestones.



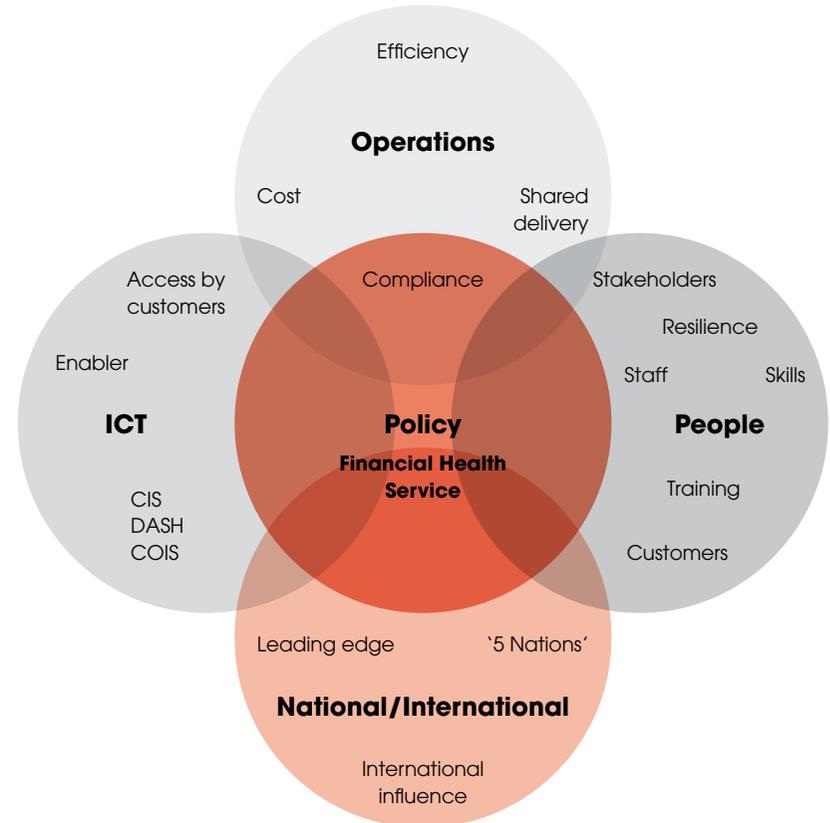
# Inter-relationship of the objectives

The vision of a Financial Health Service for Scotland is at the core of all AiB's work. The creation of the Financial Health Service drives our operations and provides the framework for the development of our ICT systems. The learning requirements of AiB's staff are also geared toward modern service delivery under the auspices of the Financial Health Service.

Our ongoing role in the International Association of Insolvency Regulators will allow us to heighten our awareness of developments around the world to help inform our policy-making function and ensure that we have an opportunity to influence international thinking on insolvency and debt management issues.

Ultimately, the Agency seeks to deliver a Financial Health Service for Scotland that aims to improve service delivery, supported by modern legislation and working practices, whilst realising best value for the public purse. To achieve this goal we have to build strong networks with our stakeholders and customers.

The diagram demonstrates how the policy of the Financial Health Service is at the core of AiB's business and the inter-dependencies that are key to successful delivery.



# Key performance indicators

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This Corporate Plan sets out the main activities and projects that the organisation wants to achieve over the next three years. The agreed outputs and milestones of the key deliverables from the Corporate Plan will be monitored and reported quarterly.

As part of creating this plan the AiB Board saw a clear need to extend and adapt the current set of Key Performance Indicators (KPIs) so that they properly represented the range of work completed by the Agency. The new KPIs will allow us to measure our performance against a published target and allow stakeholders to compare performance year on year.

In 2014-15 we will further develop our set of KPIs with associated targets in the following areas:

## Timescales

- > To adjudicate and inform the outcome of debtor applications on receipt of all relevant information
- > To promptly determine accounts on receipt of all relevant information from trustees and agents
- > To adjudicate and inform the result of the Debt Arrangement Scheme applications on receipt of all relevant information.

## Creditor return

- > To increase the percentage of sequestration cases where a dividend is paid out to creditors.

## Customer service

- > To improve customer experience.

## People

- > Increase employee engagement.

## Cost of application processing

- > To reduce unit cost of sequestration
- > To reduce unit cost of DAS/ DPP.

## AiB's resources from 2013-16

AiB's operational activities react to the level of insolvency in society. The Agency ultimately has little direct control over the level of demand, however we do seek to improve financial education and support to minimise the level of future insolvency wherever we are able to do so. Our vision is to create an insolvency service that is fit for the 21st century over the life time of this plan. To ensure that we have the resources in place to deliver that vision, we have forecast the level of future demand and modelled the amount of resource we will need.

Predicting the future is always difficult and this is the first time AiB has completed this work. It is therefore certain that some of our forecasts and assumptions will be wrong but we believe that the trend we predict is as accurate as possible. We have forecast a continued decline in sequestrations and we are starting to see a decline in PTDs and DAS applications. Although the number of DAS applications is showing a small decline, the cumulative number of debt payment programmes continues to increase each year.

### Predicted Case Volumes

<b>AiB Trustee Cases</b>	<b>2012-13 Actual</b>	<b>2013-14 Actual</b>	<b>2014-15 Forecast</b>	<b>2015-16 Forecast</b>
LILA cases	3,481	2,200	2,024	-
% change on prior year	-	-37%	-8%	-100%
MAP cases	-	-	-	1,544
% change on prior year	-	-	-	-
Debtor applications	3,857	3,541	3,257	3,275
% change on prior year	-	-8%	-8%	1%
Creditor petitions	1,500	1,321	1,170	1,053
% change on prior year	-	-12%	-11%	-10%
<b>Total Sequestrations</b>	<b>8,838</b>	<b>7,062</b>	<b>6,451</b>	<b>5,872</b>
% change on prior year	-	<b>-20%</b>	<b>-9%</b>	<b>-9%</b>
Breakdown by Trustee:				
<b>Total AiB Trustee Cases</b>	<b>6,417</b>	<b>5,085</b>	<b>4,645</b>	<b>4,228</b>
<b>External Trustee Cases</b>	<b>2,421</b>	<b>1,977</b>	<b>1,806</b>	<b>1,644</b>

<b>Protected Trust Deeds</b>	<b>8,180</b>	<b>6,681</b>	<b>4,800</b>	<b>4,800</b>
% change on prior year		-18%	-28%	0%

<b>Debt Arrangement Scheme</b>	<b>4,632</b>	<b>4,575</b>	<b>4,530</b>	<b>4,485</b>
% change on prior year		-1%	-1%	-1%

Low Income Low Asset (LILA) bankruptcies will cease to exist from 1 April 2015 when the Bankruptcy and Debt Advice (Scotland) Act comes into force. Minimal Asset Procedure (MAP) cases will be introduced from this date. The new legislative framework along with an overall decline in caseload and a move to delivering more of our services digitally will change the overall level of resources and skills required by our staff by the end of the plan. Strategic and potential constitutional reform may also require the Agency to take on new tasks. These changes make modelling income and resource levels difficult and the high level prediction of case volumes shown should be read in this context.

The budget position for 2014-15 and 2015-16 does not take account of any future fees review or the outcome of the referendum.

<b>Description</b>	<b>2013-14 Forecast £'000</b>	<b>2014-15 Budget £'000</b>	<b>2015-16 Budget £'000</b>
Operating Income	(11,640)	(12,123)	(11,755)
Revenue Expenditure	11,764	13,353	13,000
Capital Expenditure	735	1,570	555
Total Funding Requirement	859	2,800	1,800

# Annex A – Business plan 2014-15

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Objective 1

## Objective (what)

Facilitate Scottish insolvency and debt management legislative provision that supports economic growth and the vision of a Financial Health Service, which provides appropriate Scottish insolvency and debt management solutions and the rehabilitation and education of those in debt

## Board owner (who)

Claire Orr

## Outcome (why)

Ensuring that everyone can access appropriate debt management or debt relief solutions that meet their circumstances while providing a fair return to creditors therefore supporting the Scottish economy.

## National outcome

We realise our full economic potential with more and better employment opportunities for our people.

We have tackled the significant inequalities in Scottish society.

We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others.

Our public services are high quality, continually improving, efficient and responsive to local people's needs.

## What we will do to achieve this (how)

- > Develop and deliver a wide range of regulations in support of BADA(S)
- > Undertake a range of stakeholder consultations on the developing regulations
- > Undertake a review of existing diligence provision.

## Target date (when)

- > April 2014 – March 2015
- > April 2014 – January 2015
- > June 2014 – March 2015

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**Objective 2****Objective (what)**

Develop a new operational model to translate bankruptcy reform into efficient business processes which supports the delivery of excellent public services and enables AiB to maintain its progress towards full cost recovery on its delivery services

**Board owner (who)**

John Cook  
Graeme Watson

**Outcome (why)**

To ensure that our services are high quality, continually improving, sustainable and efficient in line with the Scottish Government's National Outcomes.

**National outcome**

We realise our full economic potential with more and better employment opportunities for our people.

We have tackled the significant inequalities in Scottish society.

**What we will do to achieve this (how)**

- > Review of the roles, responsibilities and staffing needs of operational staff required to deliver the new service
- > Review existing operational process and organisation to ensure that efficiency is optimised
- > Review our fees taking into consideration impact of bankruptcy reform
- > Deliver an efficiency saving of at least three per cent per year.

**Target date (when)**

- > April 2014 – April 2015
- > April 2014 – March 2015
- > April 2014 – October 2014
- > Assessed annually each March

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**Objective 3****Objective (what)**

Develop a new Information and Communications Technology (ICT) system that supports the delivery of the new operational model and is consistent with the delivery of the Scottish Government's Digital Public Services Strategy

**Board owner (who)**

John Cook

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**Outcome (why)**

Ensuring our case management system is fit for purpose and meets current and future needs.

**National outcome**

Our public services are high quality, continually improving, efficient and responsive to local people's needs.

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**What we will do to achieve this (how)**

- > Develop and implement a case information system that supports the delivery of new legislation
- > Determine high-level systems requirement
- > Phased delivery
- > Testing
- > Final delivery.

**Target date (when)**

- > April 2014 – March 2015
  - > Completed by April 2014
  - > April 2014 – February 2015
  - > December 2014 – March 2015
  - > By April 2015
-

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**Objective 4****Objective (what)**

To have a workforce who are multi-skilled, flexible and capable of delivering existing and future services provided by the Agency that meets the needs of our stakeholders

**Board owner (who)**

Graeme Watson

**Outcome (why)**

Over the lifetime of this plan new legislation and the new ICT systems will require staff to adopt new working practices and develop new skills.

**National outcome**

We realise our full economic potential with more and better employment opportunities for our people.

We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others.

Our public services are high quality, continually improving, efficient and responsive to local people's needs.

**What we will do to achieve this (how)**

- > Continue to invest in relevant staff development, including appropriate professional qualifications, to ensure that existing and new services are delivered effectively
- > Maintain the Gold Standard for IIP
- > Seek to improve the employee engagement scores
- > Consideration of new skills areas required in relation to the introduction of the new powers from the new legislation.

**Target date (when)**

- > April 2014 – March 2015
- > May 2014
- > Survey in October 2014
- > March 2014 – April 2015

**Objective (what)**

Ensure Scotland contributes to the international landscape of insolvency regulations

**Board owner (who)**

Rosemary Winter-Scott

**Outcome (why)**

Ensuring that AiB learns from best practice elsewhere in the world and that AIB and Scotland are recognised for their progressive approach to bankruptcy legislation.

**National outcome**

Our public services are high quality, continually improving, efficient and responsive to local people's needs.

**What we will do to achieve this (how)**

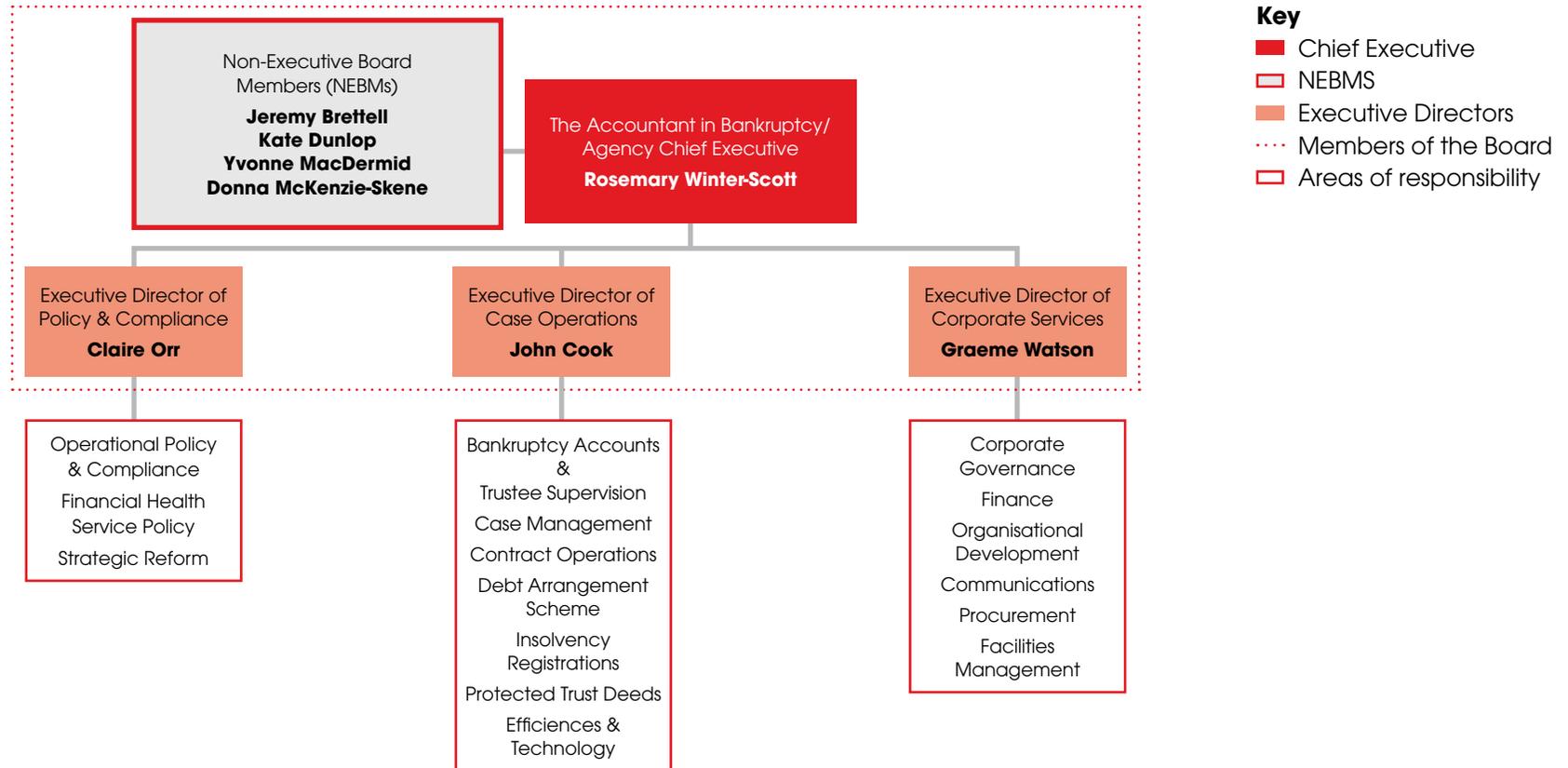
- > Provide leadership to IAIR by chairing the organisation for a further year
- > Contribute to the organising of the IAIR 2014 conference in association with the World Bank in Washington DC
- > Participate in IAIR studies which look at identifying and sharing best practice
- > Participate in the '5 Nations' subgroup of IAIR (UK and Irish insolvency regimes) which meet to share best practice and experiences twice a year.

**Target date (when)**

- > April 2014 – September 2014
- > Conference in September 2014
- > April 2014 – March 2015
- > Ongoing

# Management structure and staffing

There are three main business units within AiB – Case Operations, Corporate Services and Policy Development & Compliance. Our senior management structure and staff resources as of April 2014 are illustrated in the following chart:



## Annex B – Corporate expectations

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Every public body in Scotland has a different purpose, function and relationship with the Scottish Government. Although the Scottish Government has differing expectations of each body, there are certain areas Ministers would like to see aligned.

AiB is able to demonstrate a close alignment with almost all of the Scottish Government's expectations and its performance against the corporate expectations is listed below.

**Community planning** – AiB delivers bankruptcy and debt management services across Scotland. The Agency does not have direct involvement with individual Community Planning Partnerships, however it works closely with Money Advice Scotland (MAS) and Citizen Advice Scotland (CAS) to ensure that citizens have access to impartial information on bankruptcy and debt management. AiB has one Citizens Advice Bureau (CAB) adviser located in-house.

**Efficiency** – AiB sets its annual budget as part of its business planning cycle. It closely monitors spend through the year and all initiatives accepted onto its change programme must have a comprehensive benefits realisation plan.

**Alignment to the National Performance Framework** – All AiB corporate objectives are aligned to the relevant Scottish Government National Performance Framework outcome. Business and corporate objectives are prepared with stakeholder input and the plans are published on the AiB website. Performance against these objectives is reported to the Scottish Government and are published in the Annual Report & Accounts.

**Youth employment** – AiB recruited one new member of staff under the Young Persons Placement Scheme in 2013-14. Whilst AiB had recruited two new members of staff under the Modern Apprenticeship scheme in 2012-13 it has not recruited more in 2013-14 due to the reducing need for administration grade staff as a result of increased use of technology. The Agency continues to participate in offering secondary school work experience placements.

**Finance** – AiB's budget is set to ensure that it meets the Scottish Government's three per cent cost saving target. All projects or changes must have a benefits realisation plan. AiB has received positive feedback from stakeholders on its ICT programme that has reduced administrative costs. The Agency will conduct a best value review in 2014-15.

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**Fraud** – AiB has relevant fraud policies in place. The Agency has good financial and procurement internal controls and has had no reported incidents of fraud. AiB has agreed to share experiences with sister organisations within the British Isles to further improve our fraud policies and controls.

**Shared services** – AiB makes extensive use of the Scottish Government’s shared services in HR, finance, ICT, and learning and development. It is AiB policy to use shared services where practical and cost efficient.

**Workforce development** – AiB has a higher-than-average spend on training per employee than other parts of Scottish Government. The Agency provides support to allow staff to attain relevant insolvency qualifications. The Civil Service staff survey is published on AiB’s intranet

and focus groups are held to understand what specific actions need to be taken to improve engagement. Significant senior management time has been spent communicating the vision for a Financial Health Service for Scotland to staff. AiB attained Investors in People (Gold) and Healthy Working Lives (Silver) in 2012. Secondments with other areas of the Civil Service are also encouraged.

**Public appointment** – AiB has and will continue to adhere to the relevant government policies. Appointments to AiB’s Board are made by the Agency Chief Executive and are not ministerial appointments. They are not regulated by the Public Appointments Commissioner for Scotland, however, AiB acts in the spirit of its guidelines during the appointment process. They are recommended following open advertising in national media and after consideration by a panel which

includes independent panel members.

**Transparency** – AiB embraces the philosophy of transparency. Examples include adherence to Freedom of Information regulations, the publishing of business and corporate plans and open communication with stakeholders especially the Debt and Insolvency Service Stakeholder Forum. In addition, non-executives sit on AiB’s Board and Audit Committee and AiB has a strict policy of ensuring the AiB’s website is informative and up to date.

## Annex C – Glossary of terms

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**Apparent insolvency** – A legal term that means you are apparently unable to pay your debts and can lead to sequestration.

**Bankruptcy** – A general term which can be used to refer to personal insolvency or the process of sequestration.

**Bankruptcy Restriction Order (BRO)** – Restrictions placed on a debtor where their behaviour was inappropriate before, or during, their bankruptcy. A BRO is imposed by a sheriff and applies restrictions to a debtor's credit and work activities. The sheriff will fix the period of the restrictions and this can be for between two and 15 years, after the debtor has been discharged from their bankruptcy. Details of a debtor's BRO will be recorded in the public Register of Insolvencies.

**Bankruptcy Restriction Undertaking (BRU)** – If the debtor acknowledges that their behaviour was inappropriate, either before or during their bankruptcy, they can agree to enter into a Bankruptcy Restriction Undertaking (BRU). A BRU imposes the same restrictions as a BRO but does not require an application to a sheriff.

The period of the BRU can be shorter than a BRO imposed by a sheriff. Details of a debtor's BRU will be recorded in the public Register of Insolvencies.

**Creditor** – Any person, business or organisation which is owed money by another.

**Debt Arrangement Scheme (DAS)** – A debt management tool introduced by the Scottish Government and accessed through an approved money adviser (see [www.dasscotland.gov.uk](http://www.dasscotland.gov.uk)). It may help debtors who have one or more debts and want to pay what they owe by giving more time for repayments free from the threat of enforcement (diligence) or bankruptcy.

**DAS Debt Payment Programme (DPP)** – A proposal that allows a debtor to pay their debt over an extended period of time. The DPP can be for any amount of money or for any reasonable length of time.

**Debtor** – Any person who owes money to another.

**Discharge** – The formal termination of a legal office or state, e.g. trustees may apply to be formally discharged once their functions are completed. A debtor is also discharged from bankruptcy, usually one year after the date of their sequestration.

**Dividend** – The distribution of funds to creditors in a sequestration. Also, the proportion of the debt repaid to a creditor in a sequestration; expressed as x pence in the £.

**Edinburgh Gazette** – An official newsletter published twice weekly for the government by the Stationery Office in which various official announcements are recorded. Previously, notifications of sequestration awards were required to be published in the Edinburgh Gazette however, this requirement ended on 15 November 2010. Trust deeds granted on or after 28 November 2013 are no longer advertised in the Gazette. Details of all bankruptcies and protected trust deeds are now published in the Register of Insolvencies.

**Executive Agency** – A discrete unit set up to undertake an executive function of government.

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**Framework document** – A document setting out the key principles of accountability for executive agencies.

**International Association of Insolvency Regulators (IAIR)** – An association established in 1995 and currently chaired by The Accountant in Bankruptcy / Agency Chief Executive. It promotes knowledge sharing and collaboration in relation to strategic issues faced by the jurisdiction of its respective members.

**Low Income Low Asset (LILA)** – LILA is the route into bankruptcy introduced to provide debt relief to debtors who cannot afford to pay their debts and have low income and limited assets. Many debtors find that their creditors are unwilling to take the legal action required to bring about their bankruptcy because of the administrative and legal costs incurred, often without the creditor receiving any dividend at the end.

**Money adviser** – Somebody trained to offer advice on debt usually a local authority money advice unit or Citizens Advice Bureau.

**Petition** – The legal term for a particular type of application to the court.

**Protected Trust Deed (PTD)** – A trust deed is a form of insolvency that transfers a debtor's estate to a trustee to be realised for the benefit of creditors. A trust deed may be protected as long as a majority in number or a third in value of creditors do not object to its terms. Once protected, the terms of the trust deed become binding on all of the creditors.

**Register of Insolvencies (ROI)** – A public register that records details of all sequestrations awarded in Scotland. It also contains details of protected trust deeds, details of companies in receivership or liquidation since 1 July 1999 and details of BROs/BRUs.

**Sequestration** – The Scottish legal term for the formal process of bankruptcy.

**Trustee** – A person who administers a sequestration or a trust deed. In sequestrations a trustee can be either the Accountant in Bankruptcy or a private insolvency practitioner (normally a chartered accountant who specialises in personal bankruptcy). In trust deeds, trustees must be an insolvency practitioner.

**Trust deed** – A voluntary form of insolvency and an alternative to sequestration (bankruptcy). All or part of a debtor's estate can be transferred to a trustee to realise for the benefit of creditors. A trust deed may in certain circumstances become protected.





ACCOUNTANT  
IN BANKRUPTCY  
SCOTLAND'S INSOLVENCY SERVICE



1 PENNYBURN ROAD  
KILWINNING Ayrshire KA13 6SA  
T 0300 200 2600 F 0300 200 2601  
[WWW.AIB.GOV.UK](http://WWW.AIB.GOV.UK)



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