

GOVERNMENT THAT CAN needs people who know how

Civil Service reform one year on



The Government's plan for civil service reform was published in June 2012, and Ministers have committed to report on progress one year on.

Governments all have a tendency to announce initiatives that suit the political mood of the moment, and then to report selectively on what actually resulted.

For example, the National Audit Office¹ noted the lack of underlying rationale or evidence for the alleged costs savings used to justify the Public Bodies Bill, expressing concern that government had neither put in place structures and procedures for testing the assertions made by the Bill, nor had a strategy for rigorous checking or proving that the financial savings had been made, services enhanced or public accountability had improved.

The Civil Service Reform Plan is equally at risk from this approach, so Prospect welcomes in principle the intention to review the experience of civil service reform. The government must be held to account for its consequences.

In January 2013 the National Audit Office (NAO) published its own 'Memorandum on the 2012 Civil Service Reform Plan'. The NAO notes that attempts to undertake ambitious reforms are not new and that 'the key problems remain, and are more complex and more difficult to shift than would be the case in a commercial organisation.' Prospect acknowledges this too and recognises that there will be more than one perspective on the consequences of a reform programme that seeks to combine an austerity inspired agenda with systemic change.

Our assessment is set out below. We believe that standards must be at the heart of any reform agenda: standards for the delivery of professional public services; standards for ethics and

accountability; and standards for fair employment. This approach is consistent with Prospect's own professional vision for the UK civil service, published in March 2012².

In 2012 the Government said:

- The civil service would become smaller and more strategic
- Policy resources should be focused on Ministerial priorities
- Delivery of major projects should be improved
- Ministers should have a stronger role in the appointment of the most senior civil servants
- The civil service should provide a modern employment package
- It would publish a five year capabilities plan for the whole civil service
- A competency framework would be rolled out to ensure consistent high standards, including management of performance.

Our assessment shows that, based on the experience of Prospect members, government has partially achieved four of its seven key objectives, but questions whether even these outcomes will produce positive reform.

¹ 'Reorganising central government bodies' – National Audit Office January 2012

² 'Government that can needs people who know how' <http://bit.ly/x8mZ0Z>

A smaller civil service – The civil service is smaller but less able to provide strategic leadership



Partially achieved

The Civil Service Reform Plan envisages that the civil service will be reduced to 380,000 staff by 2015, a 23% cut compared with staffing levels in March 2010. According to the Institute for Government³ (IfG) civil service numbers have dropped for seven successive quarters, with over 61,000 full time equivalent (FTE) jobs lost to date of which just under 58,000 are from non-Whitehall Departments. Together MOD, DWP and Ministry of Justice (MoJ) account for 70% of non-Whitehall cuts.

MoD has reduced its staff across the whole department by 14,480 or over 20% losing large swathes of its technical, procurement and research expertise. The MoJ has made reductions amounting to over 9,700 FTE or 13.9% of its non-Whitehall workforce, many from Magistrate's Courts.

In Whitehall the largest cuts have been at DCLG (34.1%), Defra (22.1%) and BIS (19.7%). It is clear that the cuts have not only hit admin budgets hard but also significantly affected key operational areas including animal health, transport engineering and business support.

As the Office for Budget Responsibility noted in the 2012 Autumn Statement, cuts in public sector employment have been frontloaded by a number of departments.⁴

SNIPPET

ROAD SAFETY: Vehicle examiners working for the Vehicle and Operator Services Agency (VOSA) are working hard to keep our roads safe.

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They regularly see foreign trucks in an atrociously unsafe condition. These are now tested by privatised schemes. Yet Prospect members are fighting to keep their role independent and just want to get on with the job.

Reductions have not been managed in a way that retains essential skills. Redundancy tranches have often been oversubscribed – sending a clear signal that morale across the civil service is plummeting. The skills base of organisations has been further hollowed out by a 'brain drain' of experts leaving the civil service for better paid and more stable employment in the private sector. Short-term measures such as using labour agencies to plug gaps will not address the longer term problems created by an ill-considered programme of cuts. Consequently all organisations have seen a reduction in service delivery, in some

cases stretching resources to breaking point, as the case studies illustrate.

This is evident from the flexibility in this year's otherwise tightly constrained Treasury pay remit guidance to pay recruitment and retention allowances for scarce specialist skills. Some departments are now recruiting essential skills that have been lost through redundancy. Furthermore, these cuts may prove ineffective even in terms of the government's cost-cutting objectives. According to Oxford University research⁵ 'One of the key findings ... is that reductions in numbers of civil service staff may make good headlines, but such cuts do not always translate into equivalent savings in overall running costs'.

Prospect says that to create a more strategic civil service, government needs to raise the standards of professionalism. There should be an urgent review of personnel strategies across the civil service to identify any gaps in skills and capability that have emerged as a result of funding cuts. Resources should be provided to recruit and retain the skills and expertise the government needs to deliver public services.

Focus on ministerial priorities



Partially achieved

Ministerial priorities are important, and are clearly reflected in the much delayed Capabilities Plan, but must not drive out government's capacity to respond to events as they arise. Many of the major challenges that have faced government in recent years have been of a technical or scientific nature:

- The wars in Iraq and Afghanistan required the utilisation of 'Urgent Operational Requirements' (UORs) to adapt or procure equipment to meet the needs of defence personnel
- the unfolding challenges of climate change have required world leading scientific expertise at the Met Office to forecast future weather patterns and how these might affect the UK
- government agencies are often central in dealing with the government's response to emerging crises such as Ash Dieback or horsemeat detected in food.

In all these cases the quality of advice, underpinned by specialist knowledge, is essential for effective decision-making. It was the specialist knowledge of the Chief Veterinary Officer that made her – and not the Secretary of State or Permanent Secretary – the most trusted source of advice during the foot and mouth crisis in 2001.

Similar constraints apply to functions such as managing the defence inventory, which sections of the media delight in

3 'Whitehall monitor 19: Analysis of civil service staff numbers' – April 2013
4 'Economic and Fiscal Outlook', December 2012, OBR, p. 85

5 'A Model of Cost Cutting in Government: the Great Management Revolution in UK Central Government Reconsidered' – Christopher Hood and Ruth Dixon, October 2012

criticising. The politically inconvenient but simple truth revealed by the PAC⁶ is that improvements are being delayed by skills gaps. Around 20% of inventory management posts are vacant and 13% of those in post do not hold appropriate qualifications for their role'. As our case studies show, specialist capabilities are under strain across government.

This matters now because government needs specialist skills to: ensure confidence in regulatory standards and impartial judgement; minimise reputational risk and to underpin innovation and organisational development.

Despite ministerial rhetoric, such skills cannot simply be imported and neither can they be deployed by civil service generalists no matter how talented they are. According to the Chief of Defence Materiel having formal qualifications is not enough: '... we also need to inject significant skills from people who have been doing this for their professional lives, rather than moving people from one general appointment to another around the system. People spend their entire lives in finance outside of government. They should spend their entire lives on finance inside government. It is a specialist sport'.

Prospect says government needs to modernise and reform so that it is relevant in a complex world. The civil service performs a range of roles and functions including; policy development, operational delivery, expert advice, regulation of public services and procurement from the private sector. Government is at its best when the expertise of the civil service is deployed proactively to meet these needs. The skills and expertise of specialists in policy making and delivery should be recognised by ministers.

Delivery of major projects



Not achieved

The West Coast franchising debacle in autumn 2012 is a prime example of government failure to deliver a major project. The Public Accounts Committee (PAC)⁷ estimates that the exercise will cost taxpayers at least £50 million, the majority of which will be spent on compensating bidders.

Significantly the PAC also concluded that 'Senior management did not have proper oversight of the project. Cuts in staffing and in consultancy budgets contributed to a lack of key skills.'

The Department for Transport has cut its staffing by 17.9% FTE

since the 2010 Spending Review. Quite simply, this costly failure results from a cost-cutting programme that has resulted in departments denuding themselves of essential expertise and experience.

In 2011 the Government set up the Major Projects Authority (MPA) to address weaknesses in the central system for assuring major projects across government. Yet the PAC concluded in October 2012⁸ that its effectiveness will be lessened because it has fewer resources than the Office of Government Commerce it replaced.

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DEFENCE SKILLS: The Ministry of Defence human resources division has told managers that the completion of post and personal skills profiles should no longer be mandated and reference to the requirement should be removed from policy and guidance.

It also noted a disconnect between the MPA's assurance reviews and spending decisions by the Treasury, which failed to make best use of the data available. The fact that the Government subsequently commissioned a further review by Lord Browne⁹ clearly shows that there is still much to be done to achieve the improvement envisaged in the plan for reform.

Along with value for money, the government must also give due care and attention to health and safety in service provision. Charles Haddon-Cave, in his report on the crash of Nimrod¹⁰, highlighted the risk to a strong safety culture of cuts to operating costs and a blurring of accountability in the chain of command. The lessons of Haddon-Cave have implications across a number of government departments. When government loses its capability to procure goods and services it may also lose the ability to ensure that safety is assured.

Prospect says the government must recognise the importance of specialists' in their role as 'intelligent customers'. This should not simply be applied to finance and commercial skills. Government also requires in-house expertise in scientific, technical and engineering capabilities to understand the requirements of a nuclear safety regime for example, whether they have been met and ensuring that decisions give due regard to safety. A greater emphasis should be placed on providing career pathways for those with relevant specialist expertise into teams with responsibilities for delivering major projects.

6 Evidence to the PAC inquiry into 'Ministry of Defence: Managing the defence inventory' – November 2012

7 'Lessons from cancelling the InterCity West Coast franchise competition' – February 2013

8 'Assurance for major projects' – October 2012

9 Getting a grip – how to improve major project execution and control in government' – March 2013

10 Charles Haddon-Cave, The Nimrod Review, London, 2009

Political appointments



Not achieved

Prospect recognises the essential role played by political advisers in government, but believes it is essential to maintain a clear distinction between these functions and those of civil servants. In practice this has proved to be a highly controversial proposal, and the government would be wise to heed to advice of the IfG to abandon it¹¹.

The IfG warns of the risks of confused chains of command, alternative policy-making structures, and greater potential for tension between the ministerial teams and their departments.

A number of expert witnesses to the Public Administration Committee enquiry into 'The Future of the Civil Service' highlighted the difficulties of 'politicising' the civil service. The current system of appointments already allows for a degree of flexibility in the recruitment of senior civil servants. The government has yet to make a convincing case for a fundamental change to the current system that would not compromise the distinctive character of the civil service.

A modern employment package



Not achieved

The call for a modern employment package has become a Trojan horse for an evidence-light review of terms and conditions, introduced without consultation in October 2012.

Recommendations to reduce annual leave entitlements are based wholly on one data source – hardly the basis for a robust comparison with the external market.

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MISPLACED RESOURCES: Replacement of regional HR teams with a national human resource service centre has resulted in one agency shifting responsibility for recruitment entirely to operational team leaders. One recent example saw a team leader having to shortlist 690 applications, organise a 3-day assessment centre and provide feedback to unsuccessful applicants. This made it impossible for him to complete for a month the work he is actually employed to do.

Proposals on occupational sick pay rely on one survey undertaken in 2010, with passing acknowledgement in the report that private sector employers are more likely to offer other

health provision, such as private medical insurance (PMI) and permanent health insurance (PHI).

Recommendations on hours of work are based on similarly flimsy research dating back to 2005. The review mistakenly treats the standard working week as defined in agreements or contracts the same as average hours actually worked and it ignores differences between manual and non-manual working patterns and sectors. Comparisons are therefore not on a like-for-like basis. Its call for UK-wide mobility clauses is not supported by any research at all and legal considerations have been swept aside.

With a clear lack of enthusiasm, a slow trickle of civil service employers is adopting some of these proposals for new entrants. This will result in the introduction of parallel sets of terms and conditions often in organisations which, due to lack of funding flexibility, are already coping with multiple pay arrangements as a legacy of previous machinery of government changes. Not surprisingly there is a reluctance to introduce these changes for promotees because it is likely to deter the best candidates from coming forward for internal appointments.

Far from creating a modern employment package, many of the proposed changes are better characterised as 'solutions' to non-existent problems. They certainly have not been developed by the practitioners who will need to cope with the consequences of increasingly complex and opaque pay structures.

Capabilities Plan



Partially achieved

The capabilities plan was finally published 6 months later than scheduled. The plan does include some positive intentions that would cut across departmental silos, build organisational capacity in key specialist skills, invest in staff and promote a diverse and inclusive civil service.

However it is highly unlikely that they will be delivered in the current climate of austerity. Quite simply quality comes at a price.

The choice offered between building, buying or borrowing capability will in practice default to the option of buying capability in. Although this is the most expedient approach, it is unlikely to be cost-effective strategy in the longer-term. It is difficult to 'build' for the future without understanding what capability is still available, or the resources to commit to future investment. Although the plan makes reference to improving data on key skills through establishing a database of procurement professionals, it falls well short of a thorough audit of all specialist skills. The proposed 'light touch' annual skills reviews to be carried out by departments will not meet this need.

11 'Supporting ministers to lead' – March 2013

Borrowing specialist expertise is likely either to stretch current pay inflexibility to its limits or create a further, more favourable tier of reward for external secondees – an approach that has already caused significant problems and major resentment in the senior civil service.

Despite positive sentiments about diversity and inclusivity, there is a strong emphasis on top talent, and it is clear that this is where most resource will be directed. Although, there is a welcome mention of Positive Action learning interventions, not surprisingly, nothing is said about equality impact assessments for organisational change despite their positive potential to build a more diverse service.

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POOR CAREER PROSPECTS: Another agency's experience typifies the challenges of recruiting senior specialist staff with access to opportunities in higher paying public organisations and consultancies. A recruitment process that has now been in progress for 6 months attracted comparatively few applicants. 19 people successfully passed the interview board for 18 posts, but many did not take up employment on realising that there would be no progression beyond the baseline starting salary and that fixed-term appointments were unlikely to have any extension or convert to permanent posts. Consequently some of the posts have been downgraded and attempts are being made to fill others through secondment or casual appointments.

There are unhelpful references to the use of Lean techniques to assist in improving service delivery. Lean production in a manufacturing environment focuses on the reduction or elimination of waste in order to enhance value to the customer.

Although efficient and effective service delivery is a legitimate objective, which Prospect supports, there are obvious differences between the services provided by civil servants and the production of products in a manufacturing environment. It is difficult to see how an overriding emphasis on cost saving will enhance civil service capability.

In Prospect's view any plan to improve capability must achieve three objectives:

- A skills audit to establish sound baseline evidence on the skills already available to the civil service and where they reside. This will also be crucial for the credibility of any future assessment of improvements in capability and for purposes of workforce planning.
- Restoration of 'intelligent customer' capability. For example, meeting the identified priorities of improved commercial and project management skills will also depend on thorough understanding of the market in which work is being

commissioned or procured. Expert professional skills in engineering and science are integral to this process, as recognised by the call in the 'Review of Government Science and Engineering Profession'¹² for greater emphasis on 'domain' knowledge.

- A strengthened role for Heads of Profession, including influence over resourcing and deployment of specialist expertise in order to raise the standards of professionalism across the civil service and develop and sustain career pathways for professionals within government.

Competency framework

Partially achieved



Government claims that the core competency framework introduced across the Civil Service from April will 'drive up performance across Whitehall'. But this is not an advert for a car. It is of course correct that civil servants, like all other employees, should provide good value for their employment and be encouraged to perform effectively. However, there are good reasons to think that the core competency framework will not achieve these objectives.

The system is complex, covering 10 core competencies, and good practice guidance suggests that competency frameworks work best when built around 6-8 competencies. The descriptors that accompany the competencies could lead to subjective and inconsistent assessments of what is considered to be 'desirable' behaviours. When viewed alongside the performance management system, the competency framework is likely to be misused to mark employees' behaviours as 'requiring improvement'.

Professional competency frameworks will be used in conjunction with the core competencies. These will be more important for many groups, but will introduce additional complexity. The descriptors in the framework itself are largely behavioural, so there will inevitably be subjectivity in the assessments that are made and considerable scope for inconsistency and unfair treatment.

The new performance management system has been imposed alongside the competency framework with no input from the civil service trade unions. A central feature of the system will be to use performance appraisals to force the distribution of employees into three groups;

- Top 25% - Exceeded behaviour standards
- Approximately 70% - Met behaviour standards

¹² 'The future of the Civil Service: Making the most of scientists and engineers in government' – January 2013

■ No less than 5% - Improvement required

The new system is likely to be seen as unfair and draconian, introducing an unwelcome new layer of bureaucracy into the management of civil servants. There is also a risk of discrimination in the application of performance management appraisal decisions. There are likely to be significant implementation problems with the new system, which could tie up managers and their staff in unnecessary meetings rather than focusing on service delivery.

PROSPECT'S AGENDA FOR CHANGE



Government should work with Prospect to develop a programme that would:

1. Raise the standards of professionalism and career development throughout the civil service and strengthen the role and resources of heads of profession.
2. Value the skills and contribution of specialists in both policy making and delivery.
3. Co-ordinate policy making across departments and public bodies.
4. Demand accountability and ethical behaviour from top to bottom of government.
5. Open up career paths for specialists and access to the senior civil service.
6. Recognise the importance of government's role as an 'intelligent customer'.
7. Improve labour market information on the deployment of specialist civil servants, including a skills audit to provide an accurate and comprehensive basis for workforce planning.
8. Implement a genuinely new 'employee deal' based on fair employment practices that respect the needs of the service and those of the labour market for skills.
9. Identify lead departments for different skill groupings to take the lead in negotiations on pay, conditions and careers.
10. Develop a reward strategy for specialist civil servants working with heads of profession, including establishing a Pay Review Body and independent pay levels exercise.
11. Close the pay gap between professionals in the public and private sectors.
12. Provide greater flexibility for Trading Funds to determine pay from within their own resources.

Case studies

Defence Equipment and Support (DE&S)



The last year has seen growing evidence of severe shortages in key specialist areas of defence. The MOD's Voluntary Early Release Scheme (VERS) has been unplanned and completely unrelated to the MOD's future requirements. In much of the department, people have been released before the 'transformed' organisation has been designed. Side-by-side with the VERS cuts, mid-career specialists have been leaving the department in greater numbers than expected, despite the absence of VERS offers. As Defence Transformation has unfolded and Top Level Budget Holders (TLBs) have started to draw up workforce plans, they have identified a greater need for specialists than was envisaged at the time of the Strategic Defence and Security Review (SDSR). These trends are creating major capability gaps. For example, during 2012/13, Prospect has been told that DE&S needs to recruit at least 900 specialists (this figure could be up to 2,000) and that the Defence Infrastructure Organisation (DIO) needs 'hundreds'. DE&S has even sought approval to breach MOD pay policy and reintroduce higher starting pay in order to recruit commercial officers.

The Defence Select Committee¹³ is concerned that the output of the MoD and the reforms needed within the MoD are at risk because of the reductions in staff numbers required to meet the budget cuts. This builds on evidence from the Permanent Secretary that there is insufficient understanding of the relationship between the number of civilians and the output of the department. Similarly the Royal United Services Institute (RUSI) has questioned¹⁴ whether support spending has been subjected to the same degree of scrutiny given to front-line capabilities given that planned equipment support spending is due to rise by 5.6 per cent in the two years to 2014/15 in contrast to a planned cut in the defence budget of 7.8%.

¹³ MOD accounts 2011-12 – March 2013

¹⁴ Mid-Term Blues: Defence and the 2013 Spending Review' – February 2013



The principal business reason for the proposal to hive DE&S off into a government owned contractor operated company (GOCO) has been stated by both the Secretary of State and Chief of Defence Materiel to be the need to free DE&S from civil service pay constraints so that it can pay people more (and differently) and thus recruit and retain the right calibre of staff with the right skills.

Prospect believes that this sorry state is a product of misguided personnel management over many years. Pay and grading and career management in the department have been implemented as 'one-size fits all'; and that one-size has been for generalist, administrative civil servants. This has ignored the fact that the MOD is an exceptionally diverse and highly technical department. A large proportion of staff is involved in the procurement and support of complex capital equipment or in the training of service personnel in its use. No business in its right mind would neglect the particular needs of the specialist occupational groups required to do this work effectively.

The experience of one member working as part of the DE&S Intelligence, Surveillance Target Acquisition and Reconnaissance (ISTAR) engineering team illustrates the woeful lack of baseline information on existing technical skills, resulting in a confused and inefficient approach to recruitment and redeployment. In May 2012 the ISTAR team was disbanded on the basis that the work, for example involving responsibility for safety, quality, interoperability and NATO coalition projects, would cease. This was a contentious decision, even among defence ministers and, in practice, as engineers started to leave the team, work was directed to alternative operating centres, agencies and contractors rather than stopping. Many of the 15 members of the original team were not allowed to apply for the jobs they had been doing, despite recognition that the work was done exceptionally well and efficiently. Instead our members and their colleagues were added to the redeployment pool at a time when DE&S embarked on an external recruitment campaign to fill vacant engineering posts.

Forensic Science

Closure of the Forensic Science Service (FSS) led to a loss of skills and capacity, even among staff that managed to transfer either to a police service or secured work in a private forensic science provider (FSP). For example, those who were transferred to the Evidence Recovery Unit (ERU) of the Metropolitan Police Service (MPS) are currently being used for recovery of evidence

only and not overall case reporting, taking into account various evidence types and a new look at the circumstances of the case. Cases are now disjointed and no single scientist has ownership of a complete case. This has the potential to lead to evidence being discounted or missed. It also causes additional problems and delays for the courts as they are unable to determine which of the many scientists dealing with a case would be best placed to answer any questions in court. The attribution of DNA results to specific body fluids is not being dealt with adequately and the reporting scientists working on sexually motivate crimes were not transferred at all, leaving expertise to be supplied by a smaller pool of scientists who used to do this work previously or alongside other offence types.



Similarly, fibre skills are not being used as a low value has been attributed to such evidence. Yet Prospect members report from experience that this evidence can be crucial. For instance, in Sarah Payne's case fibre evidence was found after initial requests to look for DNA. A number of fibre types matching a range of items provided a web of evidence to connect her to the offender's van. DNA evidence linked some victims to the M25 rapist, but fibres provided the link in nine out of the ten cases.

These changes pose multiple risks to criminal justice. For example repeat speculative searches of the National DNA Database were cancelled apparently without the knowledge of the majority of police forces. These searches would predominantly focus on more complex and higher profile cases, such as murders and sexual offences, and could have led to the identification of offenders.

Any speculative searches of the database on cold cases now have to be sent to private FSPs, with a turn round time of 3-5 weeks compared with typical resolution in three days by the FSS. Some police units are now facing the threat of closure because of the impact on clearance rates of leaving cold cases in limbo. For cases overall, the standard FSS turnaround time was 35 days. This is proving extremely challenging for private FSPs and, once



the evidence recovery stage at police laboratories is added in, it is normally taking more than 3 months to provide any results on all except the most urgent cases.

HSE – Corporate Medical Unit (EMAS)



Occupational illness is the biggest cause of lost time in the UK, so should be a priority for government as action in this area can make a significant difference to individuals' lives and economic efficiency. A narrow focus on cost savings is harming the quality of service to the public and employers and with the growing number of workers made ill by work, increasing the financial burden on the NHS and the country as a whole.

Twenty years ago EMAS was an internationally respected source of occupational health expertise, employing 60 occupational health doctors and 60 nurses. EMAS has been subject to successive years of cuts and reviews, including three in the last 5 years and now employs just 3 doctors – only one of whom works full-time – and 18 occupational health nurses who are expected to cover the whole country. Not surprisingly, the nature of the service has changed as a result. It is increasingly hard for doctors to undertake field work and the advice available from nurses has been reduced, especially as changes to RIDDOR reporting have removed much of the intelligence required to direct EMAS' activities.

The HSE's chief medical adviser (CMA) retired a year ago but the HSE cannot find a replacement at the £90,000 salary offered, which compares with pay in excess of £100,000 for an experienced NHS consultant excluding merit awards and income from private practice. Despite a pressing need to recruit occupational health physicians, the HSE is struggling to recruit an additional four staff.

Insolvency Service

The Service identified in June 2010 that the savings required by the incoming government's emergency budget would "visibly affect the delivery of front line services". Among the main effects identified were that the necessary restructuring and loss of experienced staff would mean that the number of director disqualifications, bankruptcy restrictions and criminal allegation referrals would significantly decrease, and that this would limit the ability to handle more complex/high profile cases.

After an 11% budget cut in June 2010 for investigation work, there was a significant decrease in investigations into trading companies, with some cases abandoned for lack of resource. Prospect evidence to the Business, Innovation and Skills Select Committee[1] noted that a decline in revenue from bankruptcy cases and compulsory liquidations, mainly due to insufficient assets to recoup the Official Receiver's costs, has resulted in a significant gap between fee revenue and income. This produced the perverse effect of causing the operation of Official Receivers (a statutory office) to be "insolvent."

The Select Committee, in January 2013, expressed continuing concerns about the funding arrangements 'in particular the Official Receivers Service. Its funding model, based on a static level of casework and the value of assets, is in need of urgent reform'. The Committee's report makes clear that 'the Insolvency Service must urgently address staffing reductions and budgetary constraints in its enforcement and investigations unit. Without an increase in resources it will be unable to increase the numbers of cases it can prosecute which will further undermine stakeholder confidence'. Further reductions in running costs and staff may put undue pressure on The Service's ability to deliver and to deal with any substantial increase in work.

The insolvency industry and the Service have recognised that resource constraints have adversely affected the investigatory and enforcement regime. The Select Committee were concerned that this work is under-resourced. "We are strongly of the opinion that the levels of disqualification should not be determined by an arbitrary level...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."



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