

**PERFORMANCE/SERVICE DELIVERY AGREEMENT 2015/2016**  
**BETWEEN**  
**THE DEPARTMENT OF JUSTICE AND EQUALITY**  
**AND**  
**THE INSOLVENCY SERVICE OF IRELAND (ISI)**

**1. Introduction**

The Insolvency Service of Ireland, (ISI) is an independent statutory body established by the Minister for Justice and Equality. It was established on a statutory basis on 1 March, 2013 pursuant to the Personal Insolvency Act 2012. The ISI is based in Dublin.

In accordance with Section 9 of the Personal Insolvency Act 2012, the principal functions of the Insolvency Service are as follows:

- monitor the operation of the arrangements relating to personal insolvency provided for in the Act,
- consider applications for Debt Relief Notices,
- process applications for protective certificates,
- maintain the Registers established under Section 133 of the Act,
- provide information to the public on the working of the Act,
- advise the Minister on any matter relating to its functions,
- in accordance with Section 47 of the Act -
  - authorise a person or class of person to perform the functions of an approved intermediary,
  - supervise and regulate persons or classes of persons authorised to perform the functions of an approved intermediary,in accordance with Part 5 of the Act -
  - authorise individuals to carry on practice as personal insolvency practitioners,
  - supervise and regulate persons practising as personal insolvency practitioners,
  - perform such functions as are assigned to the Insolvency Service under that Part
- prepare and issue guidelines as to what constitutes a reasonable standard of living and reasonable living expenses under section 23 of the Act,
- arrange for the provision of such education and training, in relation to the performance by them of their functions under the Act, of approved intermediaries, personal insolvency practitioners and other persons, as it thinks fit,
- subject to Section 60(3) of the Bankruptcy Act 1988, administer the functions assigned to the Official Assignee by the Bankruptcy Act 1988 or any other enactment,
- contribute to the development of policy in the area of personal insolvency, and
- carry out any other duties and exercise any other powers assigned to it by or under this Act.

The ISI also has additional functions in relation to the operation of the reformed bankruptcy legislation. In the main they are as follows:

1. To help restore individuals adjudicated bankrupt by the High Court to solvency.
2. To administer the financial estates of individuals who have been declared bankrupt in Ireland.

3. To assist the Official Assignee in investigating assets and liabilities of bankrupt estates, selling assets where they have a value, and using the proceeds of these assets to pay the unsecured creditors to whom an individual owes debts.
4. To maintain the register of persons bankrupted in EU Member States under the EU Insolvency Regulation, whose trustees have registered such bankruptcies in Ireland.

In the absence of a Statutory Board, the ISI has established a Senior Management Team (SMT). The Team meets under the chairmanship of the Director. The role of The SMT is to provide strategic leadership, direction, support and guidance for the ISI and promote commitment to its core values, policies and objectives.

## **2. Objectives of the Agreement**

This Agreement documents an agreed level of service between the parties in order to facilitate improved effectiveness and efficiency of relevant public services. It sets out the ISI's targets for 2015/2016 and defines the output and outcome indicators on which performance should be measured.

The Agreement seeks to (a) facilitate the ISI in carrying out its functions, (b) progress the ongoing development of output measures for its expenditure, and (c) improve the effectiveness and efficiency of public services.

The Agreement will support the ISI's Strategic Plan in achieving its high level goals in the restoration of insolvent individuals to solvency. The ISI is committed to providing quality insolvency solutions to debtors in a transparent and customer focused manner which is fair to all.

In summary, the key objectives of this Agreement are:

- to acknowledge the ISI's role as per the Personal Insolvency Act 2012;
- to define the Department of Justice and Equality's expectations of the organisation;
- to define the ISI's expectations of the Department of Justice and Equality;
- to define the inputs, outputs, and expected outcome of the organisation's activities;
- to support the ISI in carrying out its functions as provided for in the Personal Insolvency Act 2012 and the Bankruptcy Act 1988; and
- to measure performance of those functions through monitoring of agreed targets, output and outcome indicators.

## **3. Corporate Governance**

### Strategic Plan

Section 14 of the Act requires the ISI, as soon as is practicable after the establishment day and thereafter within 6 months before each third anniversary of the establishment day, to prepare and submit for the Minister's approval, a strategic plan for the ensuing 3 year period. The ISI's first Strategic Plan was approved by the Minister and covers the period 2013 - 2016. It was laid before the Oireachtas on 26 September 2013.

### ISI Business Plan 2015

Section 15 of the Act requires the ISI to submit its business plan to the Minister. The ISI's Business Plan 2015, which provided a detailed indication of its activities and outlined the staff numbers, income and expenditure involved, was submitted to the Department and was noted by the Minister on 30 May, 2015.

### Governance Framework

Corporate governance is concerned with the framework of rules and practices to ensure accountability, fairness and transparency across organisational activities. To this end the ISI will ensure all the standard frameworks, as specified to the ISI by the Department of Justice & Equality, including those for risk management, internal audit and the Public Spending Code (<http://publicspendingcode.per.gov.ie>) are fully complied with.

The ISI is subject to corporate governance obligations including the 2009 Department of Finance Revised Code of Practice for the Governance of State Bodies ('the Code') to the extent applicable and an annual verification process has been put in place by the Department of Justice and Equality to ensure compliance. The ISI will participate in this process on an annual basis and will meet the deadline for verification as specified by the Department's Civil Governance Unit.

## **4. Mutual Commitments**

- Both parties commit to proactive and timely communications, co-operation, and information sharing on service delivery.
- Both parties support the effective achievement of agreed targets, as well as the promotion of partnership, responsiveness and mutual co-operation in their ongoing interactions.
- Both parties support prompt and timely responses to correspondence, information requests and related matters.
- Both parties commit to keep each other fully apprised and updated on all key issues.

The annual budgetary provision for the ISI will form part of the estimates for the Justice and Equality Vote (Vote 24) and the requirements of the ISI will be taken into account in that context.

The ISI will identify its budgetary requirements to the Department as part of the budget process. When the budget is settled, consideration may have to be given to the preparation and submission of a revised Business Plan.

The Department of Justice and Equality will provide the following supports to enable the ISI to fulfil its mandate:

- Liaise with the Department of Public Expenditure and Reform to ensure as far as possible, timely sanction for expenditure and staffing in line with Public Financial Procedures and Public Service Numbers policy;
- Provide updates on Public Financial Procedures and Civil Service HR Policy Guidelines;
- Provide a Human Resource Management service including, but not limited to, recruitment, employee relations, workforce development and performance management;

- Any reduction in staff numbers from agreed allocation will be discussed in relation to business impacts and ability to meet previously agreed targets;
- Liaise with ISI procurement staff (via the Department's Procurement Strategy Group) at all stages of the procurement cycle to ensure the integrity of the process; this includes assisting with research, gathering market intelligence, drafting and publishing tenders, clarifying queries from bidders, evaluating bids and publishing awards, and may include obtaining input from the Office of Government Procurement and the Chief State Solicitors Office;
- Provide guidance on Government Accounting and Governance;
- Provide payroll, invoice processing and other accounting services through the Department's Financial Shared Services Centre (FSS);
- Provide monthly financial reports and general financial advice via the Department's Financial Management Unit (FMU);
- Provide high quality ICT services via the Shared Service in accordance with the Service Level Agreement currently in place; provide advice in relation to proposed IT projects and resulting expenditure and ensure prompt review (by ICT Governance Group) of the sanctioning of project related expenditure;
- Liaise with the ISI in relation to Public Service Reform initiatives.

As regards policy and legislative aspects, the Department will:

- Keep under review, in collaboration with the ISI, the effectiveness of the Personal Insolvency Acts<sup>1</sup> and Bankruptcy Act 1988, draft amending legislation, as necessary,
- Provide guidance and support to, and liaise with the ISI in the consideration and development of policy and work with the ISI in relation to any necessary secondary legislation regarding personal insolvency and bankruptcy.

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<sup>1</sup> The Personal Insolvency Act 2012 and the Personal Insolvency (Amendment) Act 2015

## 5. Inputs from Department of Justice and Equality to ISI

### Financial Inputs

Tables A, B, and C below indicate the budget allocation and actual expenditure for 2013 and 2014 and the budget allocation for 2015.

Table A – Pay Expenditure

	<b>Budget Allocation '000</b>	<b>Actual Expenditure '000</b>
2013	€4,698	€2,995
2014	€4,502	€4,556
2015	€4,608	n/a

Table B – Non-pay Expenditure

	<b>Budget Allocation '000</b>	<b>Actual Expenditure '000</b>
2013	€2,700	€3,070
2014	€2,700	€3,811
2015	€2,700	n/a

Table C – Total (Pay and Non-pay) Expenditure

	<b>Budget Allocation '000</b>	<b>Actual Expenditure '000</b>
2013	€7,398	€6,065
2014	€7,202	€8,367
2015	€7,308	n/a

### Human Resource Inputs: Staff Resources

<b>Grade</b>	<b>FTEs at end Dec 2013</b>	<b>FTEs* at end Dec 2014</b>
Director	1	1
Principal Officer	2	3
Assistant Principal Officer	5	8
Accountant	7	6
Solicitor	1	1
Higher Executive Officer	15	14.2
Administrative Officer	2	3
Executive Officer	23	23.2
Staff Officer	1	3
Clerical Officer	22	21.4
Services Officer	1	1
<b>TOTAL</b>	<b>80</b>	<b>84.8**</b>

\* ISI understanding of Full Time Equivalents (FTEs) in this case includes people on maternity leave and shorter working weeks but not those on term time. See Appendix 2 for details of the ISI's staffing request and sanction.

In the event that resources are amended, outputs may be impacted and this will be subject of further discussions with the Department.

## **6. Outputs from ISI for 2015/2016**

The ISI's Business Plan sets out the key business objectives of the organisation for 2015.

The ISI's Strategic Plan 2013-2016 sets out the focus of the ISI for those years. The key objectives of the ISI, as set out in more detail in the Strategic Plan, are as follows:

- (1) To create and deliver high quality and effective services by leading, organising and working in new and innovative ways.
- (2) To contribute to policy development and improvements in the area of personal insolvency.
- (3) To provide information and to communicate effectively.
- (4) To implement effective and appropriate regulatory controls.
- (5) To deliver high quality customer services.
- (6) To support its staff.

Details of specific functions are in the Appendix.

### **Summary of 2015 Targets**

- The Department of Justice and Equality will seek information from the ISI in respect of the Annual Verification Process regarding compliance with the Revised Code of Practice for the Governance of State Bodies. The ISI will provide the necessary response in a pre-agreed and reasonable timeframe.
- In accordance with Section 8 of the Revised Code of Practice, the ISI will ensure that an effective risk management framework is in place and will monitor its risk register on a monthly basis.

The ISI will ensure that expenditure for 2015 will not vary from its budgetary allocation except in exceptional circumstances and following agreement with the Department.

The ISI will make use of best practices and innovative techniques in the areas of staffing, resourcing, budget, office management and security. The ISI will ensure that staff are rotated, based on business needs and to maximise staff expertise in key function areas.

The ISI will publish operational statistics on a quarterly basis. These operational statistics will include but not be limited to those currently published on ISI's website in relation to Regulation, Case Management, Creditor Acceptance/Rejection, Applicant Profile and Bankruptcy.

The ISI will continuously monitor all aspects of the Service, engage with stakeholders and contribute to policy development as required.

## 7. Flexibility and Amendment of Targets and Inputs

At the time of signing, a number of initiatives are at planning stage, involving the ISI and other stakeholders, linked to the May 2015 announcements by the Government around mortgage arrears and the enactment of the Personal Insolvency (Amendment) Act 2015. The Department and the ISI will continue to liaise closely as these initiatives progress. The outcome of the current planning stage is likely to impact on the ISI's budget requirements (information campaign) and resourcing requirements (Court attendances).

Where amendments become necessary to this agreement for reasons outlined above or for any other reason, both parties will engage to agree on amended targets.

## 8. Monitoring Arrangements

In accordance with the Department's policy on the monitoring of governance arrangements in relation to the agencies within its remit, the Director of the ISI will meet with the Department twice yearly, or more frequently if required by the Department, to provide an update on developments and achievement of targets as set out in this Agreement.

The ISI undertakes to return:

- (a) relevant and appropriately detailed performance information to allow for monitoring of this Agreement;
- (b) relevant and appropriately detailed performance information for inclusion in the Revised Estimates for Public Services volume; and
- (c) performance information in line with the set of such indicators, and in keeping with the timeframe, agreed with the Department of Justice and Equality.

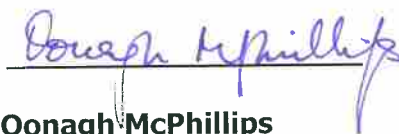
## 9. Duration and Signatories of the Agreement

Lorcan O'Connor, Director of the Insolvency Service of Ireland and Oonagh McPhillips, Assistant Secretary, Department of Justice and Equality, agree that the arrangements as set out in this Agreement will apply with effect from the date signed hereunder until 31<sup>st</sup> December 2016.



**Lorcan O'Connor**  
**Director**  
**Insolvency Service of Ireland**

Date: 19 August 2015



**Oonagh McPhillips**  
**Assistant Secretary**  
**Department of Justice and Equality**

Date: 19 August 2015

## **Appendix 1 : Overview of business areas within the ISI**

The function of Bankruptcy Division is to get in and realise the property, to ascertain the debts and liabilities and to distribute the assets in accordance with the provisions of the Bankruptcy Act

Case Management Division is responsible for managing and processing the three debt relief solutions provided to debtors by the Personal Insolvency Act 2012 and operating the Information Line

Regulation Division provides a comprehensive authorisation and supervision framework designed to protect the integrity of the role of personal insolvency practitioners and approved intermediaries

Legal & Policy Division liaise with all ISI Divisions and oversee the operation of the Act and advise the Minister on any matters relating to the functions of the ISI

Corporate Affairs Division provides the support services to the Organisation to ensure that it operates efficiently and effectively; manages communications and implement corporate governance controls and procedures



## Appendix 2 : Background to ISI staffing requirements and allocation

The summary table below shows that the original business case identified the need for 98 staff. Subsequent sanction was received for 91 staff. After taking account of recent Haddington Road efficiencies, the ISI is currently operating at 9 staff less than the original business case identified as being necessary. The ISI is also currently operating at a level below the original sanction, even when Haddington Road efficiencies are taken into account.

Position	Grade (equivalent)	Number
<b>Director</b>	Assistant Secretary	1
<b>Heads of Division</b>	PO	4
<b>Accountants</b>	AP	6
<b>Solicitor</b>	AP	1
<b>Assistant Principal</b>	AP	9
<b>Higher Executive Officer</b>	HEO	19
<b>Administrative Officer</b>	AO	1
<b>Executive Officer</b>	EO	28
<b>Service Officer</b>	SO	1
<b>Clerical Officer</b>	CO	26
<b>Staff Officer</b>	SVO	1
<b>Total</b>		98
<b>Less Haddington Road efficiencies</b>		(5.8)
<b>Net Business Case</b>		92
<b>Current full time equivalents as at 31 December 2014</b>		83
<b>Current shortfall as at 31 December 2014</b>		<b>9</b>