



ISI

Seirbhís Dóchmainneachta
na hÉireann
Insolvency Service
of Ireland

ISI Strategic Plan

2022-2024

isi.gov.ie

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1 Foreword

I am pleased to present the Insolvency Service of Ireland's three year strategic plan covering 2022 - 2024.

Our previous strategic plan sought to consolidate the progress made since the new insolvency framework was first established in 2013. Our focus for the next three years will be to make the framework stronger, more efficient and more accessible to debtors who need it while ensuring creditors can use it as an automatic go-to mechanism for fairly resolving their non-performing debt positions. Ultimately, we want to enable more debtors to access the full range of our solutions and the framework used as an effective tool to help resolve long-term mortgage arrears cases.

The plan is also published in the wake of the Covid-19 pandemic, which has dominated our lives over the past two years. Government supports for households and business have been central to minimising the immediate harmful economic effects. However, the long-term impact on employment and income trends is yet to be determined. In addition to those borrowers who were already in severe financial difficulty before the pandemic, including those in unresolved long-term mortgage arrears, we may now see a new group of borrowers facing difficulty and in need of help. Our strategic plan recognises that new dynamic and ensures that our goals and objectives are designed to maximise our ability to meet any increased demand that might ensue.

The solutions offered by the Insolvency Service of Ireland (ISI) through the personal insolvency framework are there to assist debtors and creditors achieve resolutions for the most difficult debt situations. It has been informed by a detailed consultation process with our stakeholders and builds on our experience in operating the framework since it was first established in 2013. We want to facilitate greater engagement between debtors and creditors to formulate proposals that achieve higher first-time



approval rates at meetings of creditors and reduced recourse to reviews under section 115A of the Personal Insolvency Act 2012.

We have a strong legislative structure that underpins our insolvency framework, and that has been improved through the passage of the Personal Insolvency (Amendment) Act 2021. We look forward to working with the Department of Justice (the Department) to build further on that progress and this is now more urgent in the context of any potential economic fall-out from the Covid-19 pandemic. To that end, we believe the submissions made by the ISI as part of the statutory review of the legislation and on bankruptcy reform are important to ensure greater efficiency of the framework and increased access to the solutions available under it.

Our strategic plan is integrated with the Department's mission of 'working for a safe, fair, inclusive Ireland' and many of our objectives are consistent with the Department's goals as they relate to improved access to justice, a modernised courts system (Goal 2), innovation and digital transformation (Goal 5).

We want to build on the culture of innovation fostered during the restrictions imposed in response to the pandemic, both in the framework and in the ISI as an organisation. Following the successful launch of our Phoenix case management system, our strategic plan supports continuing significant investment in our ICT systems and in our capacity to increase awareness and understanding of our solutions with the general public.

The solutions offered through the personal insolvency framework achieve good outcomes for people who are in

We want to build on the culture of innovation fostered during the restrictions imposed in response to the pandemic, both in the framework and in the ISI as an organisation.

unsustainable debt situations. They are facilitated by independent professional advisors who mediate between debtors and creditors. We will continue to encourage and foster the professionalism, integrity and capabilities of personal insolvency practitioners (PIPs) and approved intermediaries (AIs).

This strategy also outlines our objectives around our corporate responsibilities and the development of our staff. We have talented and committed people who proved their resilience and professionalism in facing the challenges posed by the pandemic. Harnessing the capability and engagement of our staff, especially in managing the blended workplace of the future, is crucial to the ISI achieving the goals and objectives set out below.

Michael McNaughton
Director

2 ISI Achievements for the Period 2019 to 2021

Since its establishment, the ISI has returned over 11,500 debtors to solvency with over 6,400 of those cases being Personal Insolvency Arrangements (PIAs) which deal with mortgage debt.

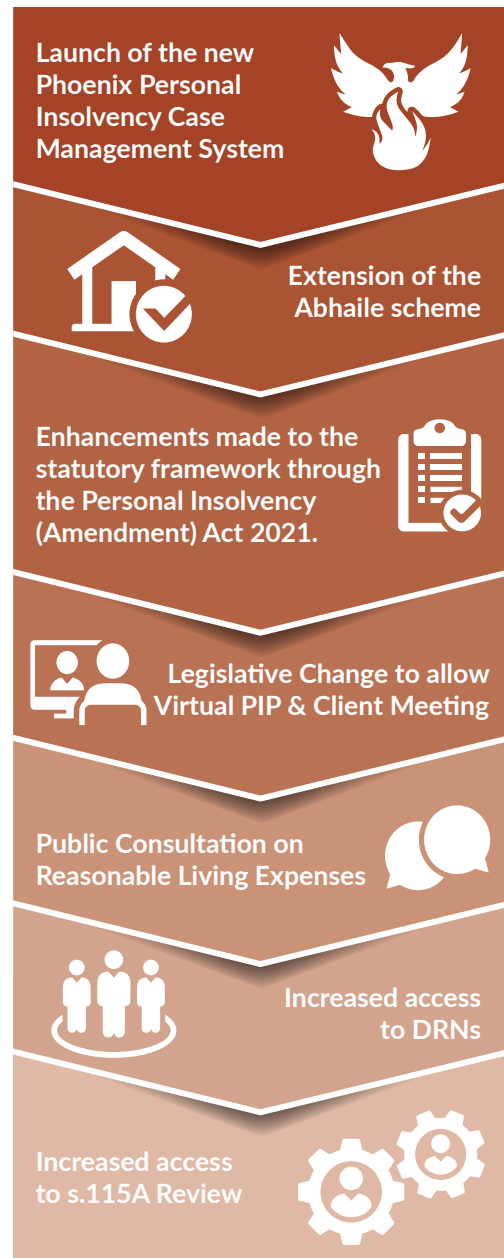
In addition to the ISI delivering on all key aspects of the goals contained in our Strategic Plan 2019–2021, the following achievements were of particular note.

Response to Covid-19 Pandemic

The restrictions first introduced in March 2020 in response to the pandemic posed challenges to the personal insolvency framework. With cooperation from all stakeholders, we quickly moved to adapt. Early on we permitted PIPs to hold consultations with debtors by way of videoconferencing. Court proceedings moved to remote hearings for insolvency arrangements and bankruptcy applications. Emails were accepted in place of debtors' signatures for the purposes of the Abhaile scheme and for the purposes of witnessing creditor proxy forms. Payment breaks were facilitated on existing insolvency arrangements where debtors were financially affected by the restrictions. Many of the innovations that came out of the restrictions are expected to continue beyond the pandemic given that they have been included in the Personal Insolvency (Amendment) Act 2021.

New Phoenix System

The ISI's new insolvency case management system (Phoenix) went live in September 2020, replacing the system put in place following the establishment of the ISI in



live cases was successfully migrated to the new system at that time. Phoenix provides a modern relational database framework for online applications from PIPs and AIs. These applications are then sent to and from the Courts Service Online System (CSOL) in accordance with the stages of each case as set down in the insolvency legislative framework. The development and rollout of the new system required close collaboration with colleagues in Justice IT, the Courts Service, PIPs and AIs. The new system is delivering significant efficiencies for both internal and external users in streamlining the insolvency application process.

ISI Submissions on Amendments to the Personal Insolvency Act 2012

In 2017 the Department sought the views of interested parties on the operation of Part 3 of the Personal Insolvency Act 2012, which provides for the definition and operation in practice of the three debt resolution processes available to insolvent debtors (DRNs, DSAs and PIAs).

The ISI made a comprehensive submission to the Department, identifying areas that provide challenges to the efficient operation of the insolvency process and made recommendations in relation to a number of areas that could deal with those challenges to the benefit of all stakeholders. In 2020, the ISI reviewed its submission to ensure the recommendations were still current and to see if new recommendations should be proposed, with the goal of driving efficiencies, reducing barriers to entry and otherwise improving the overall process.

Some urgent amendments were brought forward by the Department through the Personal Insolvency (Amendment) Bill 2020 (No. 76 of 2020), which passed into law on 26 May 2021. The new legislation makes a small number of important changes to the law on personal insolvency to deal with the effects of Covid-19. It makes it easier

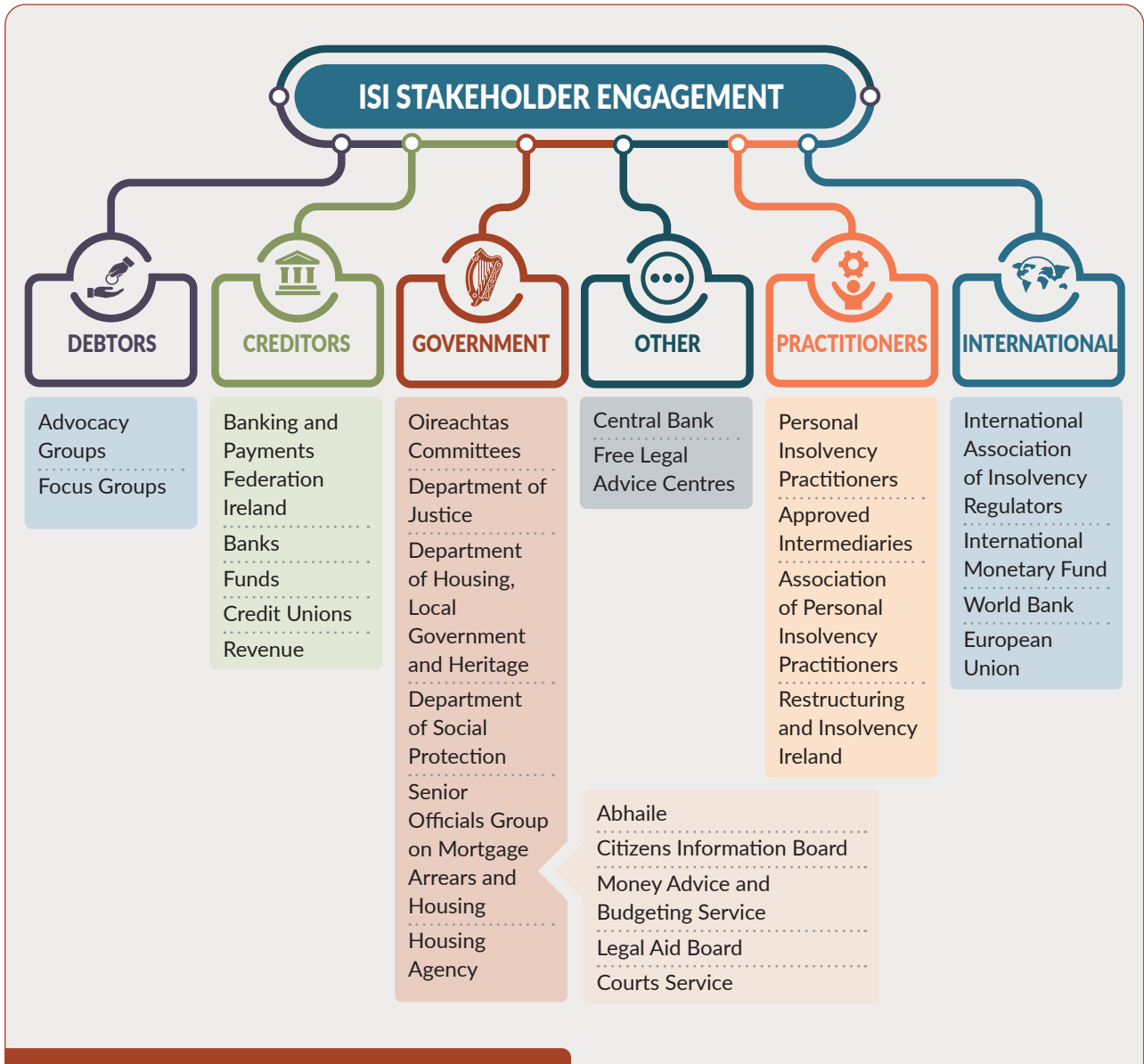
for a debtor to qualify for a Debt Relief Notice (DRN), provides for virtual meetings between debtors and insolvency advisors, and makes it possible for people who have gone into mortgage arrears because of Covid-19 to seek a court review of their proposed arrangement if creditors vote against it. Currently, where a debtor seeks help and obtains a protective certificate, creditors cannot contact them or pursue debts for 70 days. The new legislation provides for a court to extend that 70-day period by a further 40 days in exceptional circumstances. The Act also makes it easier for a debtor to qualify for a DRN, under which people with few assets and little spare income can have debts up to €35,000 written off. It also enables PIPs to delegate more tasks to a member of their staff or a colleague including, for example, chairing a meeting of creditors.

The ISI expects that other important changes to the personal insolvency legislation will follow soon in a second Bill and will continue to work closely with the Department to progress these necessary changes.

ISI Submissions on Amendments to the Bankruptcy Act 1988

The ISI has submitted to the Department for consideration various amendments which, if passed, will amend the Bankruptcy Act 1988. Some of the proposed changes include the earlier provision of crucial financial information to the Official Assignee in the bankruptcy process, the increased ability to disclaim assets and the streamlining of the dividend process so that dividends can be paid without making applications to the High Court.

This is a continuation of submissions that the ISI has made over the years which are designed to improve the bankruptcy process for all stakeholders. The ISI will continue to review and suggest amendments in this area.



Reasonable Living Expenses

The ISI is required under the Personal Insolvency Act 2012 to prepare and issue guidelines as to what constitutes a reasonable standard of living and reasonable living expenses. The guidelines are intended to help PIPs and AIs in assessing what may be considered ‘reasonable’ in the context of a standard of living and living expenses. Since the ISI first published reasonable living expenses in 2013, feedback has generally been positive with widespread acceptance and usage of the guidelines by all stakeholders.

The publication of the guidelines in 2013 largely brought an end to disputes over living expenses. As a general principle, the ISI wishes to see people retaining the autonomy to make their own choices as to what is best for them and is not prescriptive in terms of how they spend their money. The guidelines serve as a shield for debtors by ensuring they cannot be required to live below the reasonable standard. Changes to the consumer price index are evaluated every year and the guidelines adjusted if necessary following the process of ministerial consultation.

In 2021 ISI conducted a public consultation to inform stakeholders of changes following work to review and rebase expenses and to invite views on proposed changes to the treatment of some items and the possible inclusion of others. There is a balance to be struck in respect of reasonable living expenses on the one hand allowing a debtor an appropriate standard of living while addressing their financial difficulties and, on the other hand, enabling a fair return for the creditor based on the debtor's means.

The submissions received under the consultation will enable us to ensure that this vital balance continues to be maintained in the coming years. The alignment of the ISI model with that developed by the Vincentian Partnership for Social Justice will be maintained and strengthened, and some practical challenges arising for personal insolvency practitioners when putting the guidelines into practice will be addressed.

Abhaile

The Abhaile scheme, jointly coordinated and funded by the Departments of Justice and Social Protection, brings together a number of bodies dedicated to providing specified services free of charge with the objective of helping eligible borrowers resolve their mortgage arrears. Following the success of the scheme, which was initially established in 2016, Abhaile was extended for a period of three years in 2019. There is a commitment in the current Programme for Government to continue to fund the scheme.

Through Abhaile, borrowers can access a free consultation with a PIP to obtain independent financial advice and assistance. The PIP can advise the borrower on options for addressing his or her financial difficulties in the context of the borrower's particular circumstances. ISI oversees the operation of Abhaile as it pertains to PIPs and manages compliance with the terms and conditions of the Abhaile PIP panel and

PIP voucher redemptions. In March 2020, the Abhaile PIP panel was reconstituted following a review and revision of the terms and conditions of the panel to ensure they remained fit for purpose.

A key achievement for Abhaile in this period is that the PIP service is reaching the target cohort — those borrowers in long-term mortgage arrears exceeding 720 days. Based on an annual deep dive analysis of a sample of cases, 80% of borrowers availing of an Abhaile PIP voucher were in this category. The deep dive shows that 97% of borrowers availing of statutory solutions kept their homes.

While Covid-19 impacted significantly on the volume of PIP vouchers issued and subsequently redeemed, the ISI, in conjunction with PIPs, facilitated a number of administrative changes to ensure that the service remained accessible for relevant borrowers. In the context of public health advice, PIPs were advised that videoconferencing could be used to consult with borrowers. The ISI also worked with MABS to put in place a mechanism whereby a borrower could 'sign' the PIP voucher application form remotely. Further, the validity period of PIP vouchers issued between January 2020 and June 2020 was extended to enable debtors additional time to seek the services of a PIP, as the biggest disruption to the scheme's services occurred during that period.

In 2021, the ISI participated in a preliminary governance review instigated by the co-funding departments which will feed into a broader strategic review of Abhaile planned for 2022. In conjunction with Abhaile scheme partners, the ISI will support the forthcoming strategic review.

3 Operational and Related Considerations

Environmental Analysis

The ISI's mission is to support the resolution of personal insolvency and facilitate the return of people to active participation in economic activity. Our strategic plan is set in the context of a number of external factors that can be expected to impact that mission.

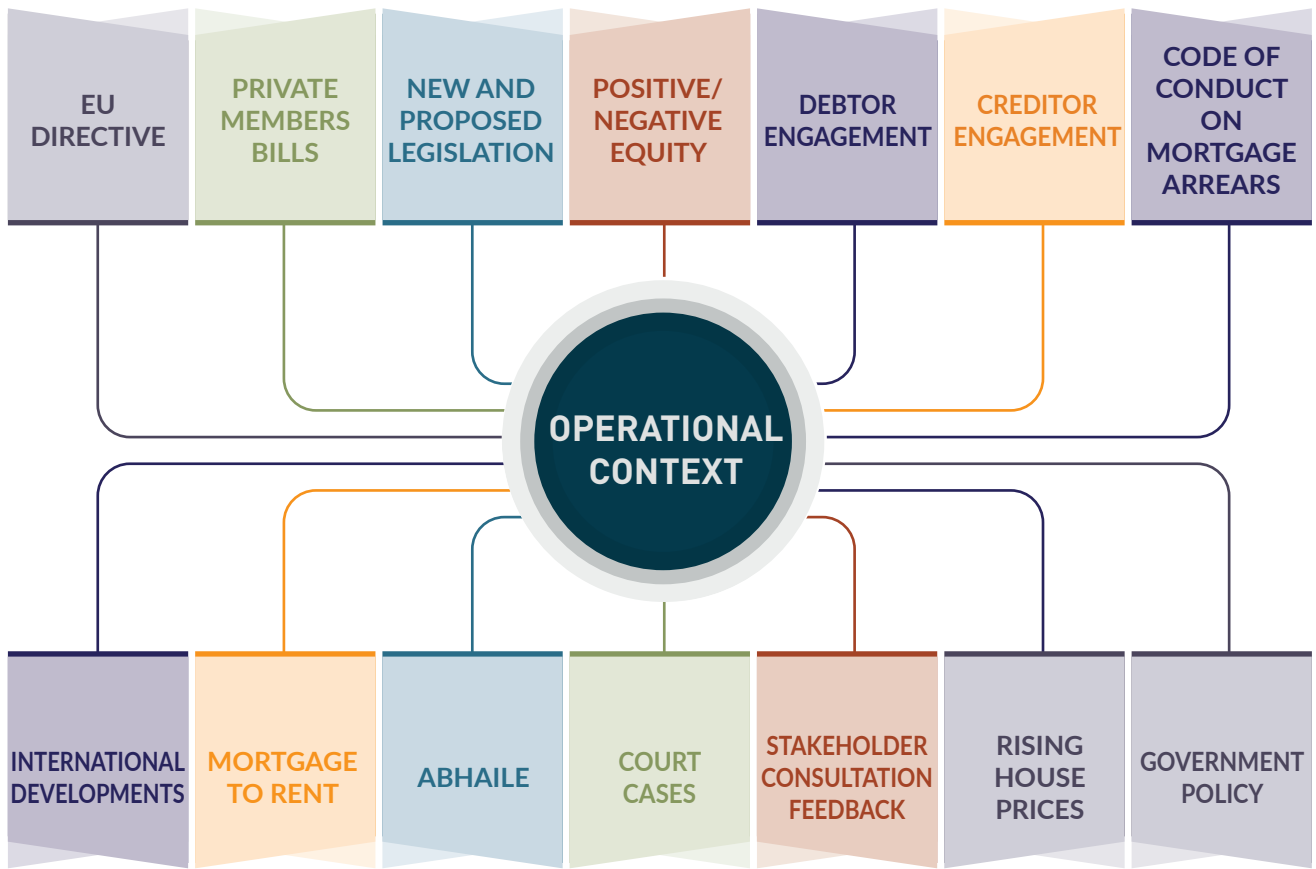
Over ten years on from the global financial crisis, the number of mortgage accounts in arrears of more than one year remains stubbornly high. At the time of writing, and based on the most recent Central Bank statistics, there are over 29,000 mortgage accounts in arrears of more than one year with nearly 25,000 of these in arrears of more than two years. Furthermore, one in four of those borrowers in arrears of over two years who are engaging with their lender are over 60 years of age, meaning their capacity to generate income into the future is reducing.

The Central Bank has impressed on lenders the need for more innovation and ambition in the range of possible solutions proffered and has highlighted the potential of the insolvency framework to achieve positive outcomes in many of these cases. Indeed, there is increasing evidence of innovation in the type of insolvency solutions that are being agreed between PIPs and creditors. This reflects improving engagement between these stakeholders and demonstrates the potential if this engagement deepens and becomes more consistent between all PIPs and creditors.

A significant prevailing factor is the number of mortgages in arrears held by non-bank entities compared to traditional credit institutions. In 2017, only 21% of all mortgages in arrears and 30% of those in arrears for more than two years were held by non-bank entities. Recent Central Bank statistics show that those percentages have increased to 43% and 57% respectively. Given the imminent departure of a number of retail banks from the Irish market and the potential sale of further non-performing mortgage loan books by the remaining banks, this trend is likely to continue. Many of the non-bank entities are engaging well with the insolvency framework and we hope and expect that engagement to continue and to become more consistent across these entities.

The ISI has welcomed the removal, through the recent Personal Insolvency (Amendment) Act 2021, of the barrier to a section 115A review for those borrowers who went into mortgage arrears subsequent to 1 January 2015. It also welcomes the downward trend in section 115A review applications evident since 2018 as further evidence of increasing engagement between creditors and PIPs. Continued reduction in these applications for review, in what can be an adversarial process, will improve cross-stakeholder engagement in the insolvency framework as a whole, making it easier to agree insolvency solutions first time at creditors' meetings.

Finally, the Covid-19 pandemic is continuing to have a profound impact on



our economy. The various Government supports have been central to minimising the negative economic effects. Job losses and income shocks have been concentrated in certain sectors of the economy and among younger and lower income groups. New groups of borrowers may find themselves in financial difficulty as a result, especially perhaps in respect of unsecured debt. In the more serious cases, these borrowers will have access to one of the range of solutions offered by the ISI.

Statement of Resources

The ISI is focused on utilising our financial and human resources to the fullest extent possible, having regard to changing priorities. We recognise that there are economic and fiscal uncertainties ahead as a result of the Covid-19

pandemic and that there will be competing demands for limited public funding over the next three years. Our continuing investment in technology and innovation will maximise the use of our limited resources.

Our strategy recognises the challenge of attracting and retaining the skilled people we need to achieve our goals. We recognise the importance of our staff as our key resource and we are committed in this strategic plan to further developing our staff so that they are skilled, motivated, experienced and fully engaged in the important work we do.

A blended working policy will be implemented across the ISI that recognises not only our commitment in the *Programme for Government: Our Shared Future*, but

also the changing landscape of the way we work, along with the benefits that can be achieved for the ISI, our staff and the environment.

Our workforce will be a key consideration in the development of that policy, which we are committed to finalising early in this strategic plan. Additional financial resources will be allocated to ensure that our staff are sufficiently equipped to carry out their role, whether in the office or as part of a blended working arrangement.

Human Rights Public Duty

Consistent with our values and overall philosophy, we are committed to the promotion of equality and human rights in all aspects of our work. This extends to cover all stakeholders, not least our own staff, and the working environment in which we all operate. In addition to our focus on innovation in our work, we will continue to promote diversity, integration, equality, openness, transparency and inclusivity.

The ISI's Senior Management Team will carry out a fresh review of current arrangements and ascertain how further enhancements may be made across activities, policies, programmes and initiatives. The results of the review will inform the development of a human rights and equality action plan – progress against which will be outlined in our annual reports.

Process of Developing this Strategic Plan

The ISI sought feedback from a range of stakeholders as part of developing this strategic plan. The consultative process included internal workshops and interviews with the staff and Senior Management Team of the ISI, as well as interviews with key external stakeholders.

The Corporate Governance Steering Group, along with the Senior Management Team met over the course of 2021 to collaborate on and draft this plan. All meetings were conducted virtually to ensure the safety and wellbeing of all involved.

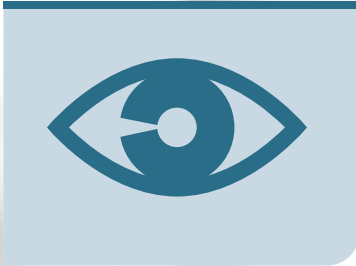
Progress on the Implementation of this Strategic Plan

There is continued uncertainty surrounding the impact of Covid-19 on personal finance, and our approach will allow us to adapt the focus of our work to meet the changing needs of our customers.

This strategic plan will be complemented by an annual business plan that sets out our programme of work for each year. The business plan provides additional detail around the actions we will take towards achieving our strategic objectives and crucially will set timelines for these actions to be carried out. Progress will be reviewed quarterly by the Senior Management Team, multi-annually as part of our oversight arrangement with the Department and annually through our Annual Report.



4 Vision, Mission and Values



Vision

A fresh start for people in debt



Mission

To support the resolution of personal insolvency, facilitating the return of people to active participation in economic activity



Values

1. **Support and empathy** – in our engagement with the public
2. **Innovativeness** – in enhancing the framework and facilitating solutions
3. **Openness, Transparency and Trust** – in our collaboration with all stakeholders
4. **Professionalism** – through the application of best practice and enhancement of our people and systems

5 Goals and Objectives

1 Reduce Barriers and Enhance Stakeholder Engagement

Optimise all-party engagement on debt solutions through communication, information-sharing, collaboration and the application of best practice.

This is a key goal in ensuring the success of the insolvency framework and we intend to build on the progress achieved over the last three years. The Covid-19 pandemic may have serious negative medium and long term impacts on the economy and implications for both debtors and creditors alike. Our objectives are set in that context.

Objectives

Promote and facilitate increased collaboration with and between relevant stakeholders

Further embed the culture of engagement with the personal insolvency framework amongst creditors and representative bodies

Communicate trends and innovations in personal insolvency outcomes

Maximise statistical information available from internal and external sources to inform policy-making and promote external engagement

Build on the success achieved in adapting the framework to logistical challenges posed by Covid-19 and further encourage the use of innovative technology to maximise efficiencies and engagement in the insolvency process

Build on legislative progress achieved through the Personal Insolvency (Amendment) Act 2021 by working with the Department to implement as many as possible of the proposals made by stakeholders as part of the s.141 Review.

Continue to promote cross-departmental and cross-agency initiatives to enhance the insolvency framework

Apply international best practice in administering bankruptcy and insolvency solutions

2 Innovation in our Work

Identify and adopt innovative practices and solutions to streamline our processes

Recent challenges have shown the adaptability of our people in the ISI who together with our stakeholders maintained availability of our services despite the logistical problems encountered. We will build on our demonstrated capacity to innovate in the period of this strategy plan, in line with the commitment in *Our Shared Future* on courts reform and with Goals 2 and 5 of the Department's Statement of Strategy.

Objectives

Build on recent innovations such as virtual PIP/Client meetings and remote court sittings to broaden the scope for process improvements and efficiencies and to streamline both insolvency arrangements and the administration of bankruptcy estates

Examine and consider international trends and best practice to inform our systems and approaches

Continually enhance and invest in our technological capability to increase the efficiency of the insolvency framework

Further embed an innovative culture within our organisation

Promote a focus on sustainability and reducing our carbon footprint

3 Fair and Effective Regulation

Ensure that the ISI's role in the regulation and supervision of PIPs and AIs is proactive and proportionate and recognised as such by practitioners and stakeholders

The regulation and supervision of PIPs and AIs respectively is a core function of the ISI. Seeking to ensure continued fair and effective regulation of practitioners is a key goal of the ISI and the objectives provided below are instrumental in respect of ensuring a well-functioning and trusted personal insolvency framework. In achieving the objectives, the ISI intends to further develop the collaborative relationships in place and, in particular, to facilitate a culture of continuous enhancement that reflect the values of both the ISI and Department.

Objectives

Ensure continued proactive regulatory oversight of PIPs and target resources to reflect priorities and risks

Research, develop, implement and test protocols to support remote oversight and inspections, applying innovative methodologies

Ensure that complaints of improper conduct against PIPs are determined in a timely manner

Disseminate information to PIP and AI professionals to promote best practice and support their compliance with statutory obligations (including through practitioner Continuous Professional Development)

4 Communications and Awareness

Raise awareness of our insolvency solutions and ensure ease of access to clear and relevant information

We will continue to increase awareness and understanding of the debt solutions provided for in the insolvency legislation and encourage more openness around discussing debt problems. Over 2021 we commissioned the ESRI to conduct behavioural research on the uptake of debt solutions. We will take that research and couple it with what we already know about debtor behaviour based on eight years of operational experience. The aim is to deliver the right information to the right person at the right time, combining a constancy of approach with innovative methods.

Objectives

Improve debtor experience when engaging with our websites, adverts and promotional material

Devise, develop and launch dedicated communications and awareness campaigns in consultation with our partners

Increase debtor engagement with our website, information line and text back service

5 Our Team and Corporate Responsibilities

Ensure effective corporate governance, develop our team as a critical stakeholder and enhance organisational capability

We have refreshed and consolidated our core values and will apply them in maximising the efficiency, transparency and effectiveness of our organisation. Our objectives reflect our emphasis on developing our staff and fostering of a culture of accountability and trust.

Objectives

Agree annual business plans with the Department to drive and track our performance in line with this strategic plan

Collaborate with the Department to support the mutual delivery of strategic objectives set out at departmental level and through this strategic plan

Promote effective internal communication, knowledge management and operational collaboration between our divisions

Develop a blended working policy that ensures the efficiency and effectiveness of our organisation and takes into account the well-being of our staff

Develop a skilled, motivated, experienced and engaged workforce

Embrace our environmental and social responsibilities

Optimise our use of data and ensure it is adequately protected

Promote equality and human rights in all aspects of our work

6 Organisational Structure

Senior Management Team

In the absence of a statutory board, the ISI has established a Senior Management Team (SMT). The SMT meets under the chairmanship of the Director. All major strategic matters facing the ISI are considered at formal meetings of the SMT, which meets at regular intervals.



Michael McNaughton

Director

Responsible for the overall management and control of the ISI's staff, administration and business.



Ian Larkin

Official Assignee in Bankruptcy

Responsible for the administration of bankruptcy estates under the Bankruptcy Acts 1988 to 2015.



Trevor Noonan

Case Management

Responsible for managing and processing the three debt relief solutions under the Personal Insolvency Acts 2012 to 2015.



Liza Doyle

Legal Services

Responsible for the provision of legal services to all divisions of the ISI.



John Phelan

Policy, Regulation and Corporate Affairs

Responsible for research and policy development, the regulation and supervision of PIPs and AIs, all governance matters and the provision of a range of support services to the ISI.

