



INSOLVENCY & RESTRUCTURING

MARKET INSIGHTS Q1 2018

ambition

2017 was a major year for insolvency professionals, with significant legislative changes to interactions between insolvency practitioners and creditors. These changes have caused a major overhaul of certain case procedures and in turn, insolvency professionals have had to get up to speed quickly with these changes to ensure compliance with the new rules.

The figures pulled together by the government for July to September 2017 indicated that the underlying number of corporates that went insolvent was up on Q2 by 15.0% with a drive in the number of CVLs. Add into the mix the rise in the base rate by 0.25% and reports suggesting many retailers suffered from a downturn in sales over the festive period, the expected insolvent figures in the UK for Q4 are that corporate appointments will have risen.

SKILLS IN DEMAND

The Big 4 continually look to bolster up their turnaround, working capital and operational restructuring teams. They look to do this, not with insolvency professionals but with advisory specialists and those with in-house sector experience working on cost reduction programmes. The healthcare / public sector has been the client base that the Big 4 and other sizeable restructuring consultancies have targeted and this is likely to continue into 2018.

Outside the Big 4, mid-tier accountancy firms and boutique insolvency practices have required good corporate case Administrators with 2-3 years' experience. There are still a lot of firms who have lost staff over the years that have not been replaced, so with an influx in new work, those working directly on statutory case progression have been more in demand than those operating in more of managerial capacity.

Advisory professionals with IBR, contingency planning and or accelerated M&A experience still remain in high demand for the top tier practices. Last year we saw this requirement occurring more frequently out of London, at national firms in their offices located in Manchester, Birmingham, Leeds and Bristol.

Equally, those with a fee following and ability to take appointments will still remain of interest to most firms looking to either bolster up the top line or for succession planning purposes.

MARKET NEWS

Alvarez & Marsal's recruitment drive throughout 2017 didn't slow up in Q4 as they continued to hire at Manager grade and above. They have been lined up as the administrators to Toys R Us and should other high profiles appointments go their way then further recruitment will occur throughout this year.

Mazars appointed Adam Harris, formerly of Griffins, as a Restructuring Services Partner to help bolster up their London offering whilst Paul Rouse was promoted up to Head of London RS & National Creditor Services.

PREDICTIONS FOR THE COMING QUARTER

I'd expect there to be more recruitment taking place within the core formal insolvency market but at opposite ends of the spectrum – Administrators and Senior Administrators plus work winning Directors and Partners. Although the demand is there, the same challenges persist in recruiting this talent.

There are fewer people coming into the profession meaning that the pool of candidates with 1-3 years' case experience is small. A lot of the Administrators and Seniors are on training contracts and are therefore reluctant to move and you've got quite a number of these type candidates moving out of the profession altogether with salaries remaining largely stagnant.

As for the wider market, there is plenty of commentary out there to suggest further high profile administrations throughout Q1. The fact we have already seen Carillion collapse and figures suggesting Christmas trading was down on last year for many high street retailers, there is a feeling that there will be a lot more big-ticket appointments cropping up not just in Q1 but across 2018.

INSOLVENCY SALARIES (LONDON) Q1 2018 MID-TIER/SME FIRMS

Job title	Annual salary range (£)
Director*	85K - 115K
Senior Manager**	65K - 85K
Manager (JIEB qualified)***	55K - 65K
Manager (No JIEB)****	50K - 58K
Assistant Manager	40K - 50K
Senior Administrator (ACA/ACCA)	40K - 46K
Senior Administrator (CPI or QBE)	34K - 40K
Administrator (CPI)	28K - 34K
Administrator (No qualifications)	24K - 30K
Junior Administrator	20K - 24K
Senior Cashier	30K - 36K
Cashier	24K - 30K

Notes on salary table:

* Advisable to be able to pay an additional 5-10% on top of this band for an exceptional Director who has the capabilities to generate fees.

** JIEB & ACA/ACCA with at least 2-4 years as a Manager should be earning a salary from £70,000. The lower end of the pay grade will be for those newly promoted to the grade or those with vast levels of experience but no professional qualifications.

*** ACA/ACCA in addition to the JIEB with at least 2-3 years in Management will be £60K-£65K.

**** Top end would be for very good operators with strong management skills. Titles and levels vary from organisation to organisation.

1. The salary ranges given are only approximate guides. For tailored salary advice, please contact us directly.
2. Roles outside of London are likely to be £5K - £10K lower than the salaries indicated above.
3. 12-month base salaries are assumed.
4. All other benefits and bonuses are in addition to these figures.
5. Bonus ranges can vary significantly from company to company and will be influenced by market conditions, business and individual performances.