



# INSOLVENCY & RESTRUCTURING

MARKET INSIGHTS **Q2** 2018

ambition

Since the turn of the year, the number of high profile restructures and corporate collapses have been rather staggering.

It started with the collapse of Carillion in mid-January as the construction giant ran into trouble after running up huge debt levels on big Government contracts with high-cost overruns.

Since then, the retail and restaurant sectors have really suffered with Bryon, Jamie's Italian and Prezzo all agreeing with creditors a restructuring procedure in the form of a Company Voluntary Arrangement which is designed to help build in a rescue plan for the long-term security of the business. This will involve the closure of certain sites with the initial view to focus on a smaller number of profitable restaurants in the group. The fast expansion of these chain restaurants with debt rather than with existing turnover plus the higher running costs of rent, produce and staffing has certainly contributed to the poor financial state of these chain restaurants.

New Look, Maplin, Carpetright, Moss Bros, B&Q and Mothercare have all in recent weeks and days reported stark profit warnings and the need to close stores whilst Toys R Us entered administration towards the end of February following a sustained period of poor sales and a looming £15m tax bill.

It doesn't make for positive reading and more than highlights how vulnerable the high street has been to the slowdown in consumer spending, the rise in running costs and the ever-growing importance of online sales.

## SKILLS IN DEMAND

It seems obvious but those with skills in cash flow management, working capital improvement and turnaround are certainly in demand with the Big 4 and the top end restructuring consultancies as they are the ones picking up much of the work listed above. Nationally, advisory professionals with IBR, contingency planning and or accelerated M&A experience still remain in high demand for the major players in Manchester, Birmingham, Leeds and Bristol.

Outside of the turnaround and corporate restructuring market, the number of businesses and individuals entering a formal insolvency procedure is certainly higher than it was this time last year and this has seen a spike in recruitment levels at Administrator and Senior Administrator grade.

One interesting observation to note however, is that in the last 2-3 years, there haven't been many Administration appointments as there once was and so with some of this work starting to now filter through to the mid-market practices, there is an obvious skill gap at the Administrator and Senior Administrator level whereby they lack the on-site trading experience through lack of exposure or opportunity.

## MARKET NEWS

FRP Advisory bolstered up their London restructuring team by hiring Deloitte's Philip Reynolds as a Restructuring Partner whilst Begbies Traynor hired Marco Piacquadio to lead the firm's Milton Keynes office. Alvarez & Marsal have continued their recruitment drive with numerous hires into the London team and the Big 4 have really pushed their working capital restructuring teams with hires occurring throughout Q1.

## PREDICTIONS FOR THE COMING QUARTER

Although much of the recruitment in the insolvency profession is very permanent driven, we have noticed in the last 3-6 months a certain rise in the need to hire staff on short-term interim contracts to help with either closing a backlog of casework or to assist with a sudden influx of new appointments that may not be sustained long-term. We'd expect this upward trend of interim recruitment to continue throughout Q2, especially considering the number of high profile administrations that could occur over the coming months.

We'd expect there to still be a need for good Administrators and Senior Administrators to help bolster up busy teams and the desire to hire work winners with a fee following will continue to be there not just in Q2 but more as a constant throughout this year and beyond.

## INSOLVENCY SALARIES (LONDON) Q2 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.