



# INSOLVENCY & RESTRUCTURING

MARKET INSIGHTS Q3 2018

ambition

In our last Market Insights we reviewed some of the high profile restructures and corporate failures that had taken place in the first few months of the year and the fall-out from some of these major collapses continued to dominate Newspaper headlines throughout much of Q2.

Carillion will be viewed as one of the biggest collapses in recent times. A lot of questions have been raised and will continue to be asked around how a firm that employed 20,000 people in the UK, had £5.2bn in revenue and numerous government public sector contracts that accounted for roughly £1.7bn of work in 2016 could fail so spectacularly.

Much has been said about the Government effectively funding a sinking ship during a time when there were three profit warnings on Carillion. There has also been a lot of noise surrounding the £20m PwC charged in the first eight weeks as the Carillion liquidators.

The fall-out from this collapse is likely to keep rolling on throughout much of this year and there has already been renewed commentary condemning the future of the Big 4 following a joint report on the collapse of Carillion via MPs on the Business and Work and Pensions select committee.

Aside from Carillion, other high profile failures from the retail sector made the news last quarter with Toys R Us, Poundworld, Bench, East and Warren Evans all disappearing from our high-street whilst others such as House of Fraser, New Look and Mothercare have had their financial troubles well documented. The ever increasing shift towards online consumer spending has had a huge impact to the UK high-street and it is expected that there will be more CVAs and company collapses going into Q3.

## SKILLS IN DEMAND

With many businesses showing early signs of financial trouble, skills in cash flow management, working capital & operational improvement, forecasting and turnaround are certainly in demand within the Big 4 and at the top end restructuring consultancies. This has been the case for 12/18 months now and as each quarter goes by, the need for Managers and Senior Managers with corporate advisory and restructuring skills has ramped up.

Often the problem is that by the time a business recognises the need for help, it can often be too late and this has meant that there are more insolvencies starting to take place which in turn yields the need to hire. Much like before, hiring good Administrators and Senior Administrators with the ability to manage a portfolio of corporate cases is still the main requirement out in the market but there is a skill gap.

The quality of the work that has typically been coming through to IPs in recent years has not been overly complex. A fair number of burial jobs, quite a few MVLs and some Administrations that have quickly gone into a liquidation process. We are starting to see larger businesses falling over and with that comes more complex work of a trading nature. Therefore, having staff with the experience of being out on-site and getting involved in 'day one' operations is certainly a lot rarer than it once was and it has meant that new hires at Administrator level are having to be trained up quickly in these areas.

## MARKET NEWS

Quantuma and Opus launched their forensic accounting arm with the view to being able to offer clients a full range of advisory services including corporate finance.

BDO have opened up a Shared Services Centre in Liverpool with the insolvency cashiering team and insolvency support function condensed into one main office.

FRP Advisory have continued to add heads with over 50 Partners in the business now and new hires across the national network within insolvency and corporate finance.

## PREDICTIONS FOR THE COMING QUARTER

In the last 3-6 months we have seen a lot more interim appointments with IPs keen to cover influxes in new work by hiring experienced insolvency professionals who can come in and do a job. Equally, with attracting talent at Administrator and Senior Administrator levels proving more and more challenging, hiring short-term cover whilst conducting a permanent search is starting to happen a lot more often.

We'd therefore expect there to still be a need for Administrators and Senior Administrators to help bolster up busy teams that are light on headcount following people having left the profession in recent years and then not replaced.

In addition, the need to acquire experienced restructuring professionals is only going to ramp up with each quarter that goes by and so we'd expect to see even more of these type roles coming onto the market.

## INSOLVENCY SALARIES (LONDON) Q3 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.