



ICAEW

Promoting the value of ICAEW  
licensed Insolvency Practitioners

July 2017

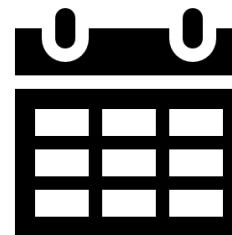
## Sample



Total sample size :

***n=146***

## Fieldwork



**Fieldwork Period:**

31 May 2017

to

14 July 2017

## Survey

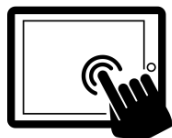


***Pre-conference***

***n=77***

***During and post  
conference***

***n=69***



## Reporting

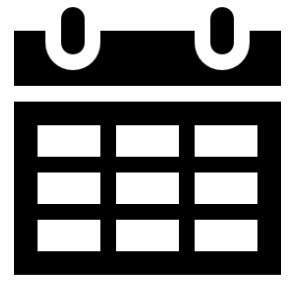


- Total sample base = 146 and is used unless otherwise stated in charts/ analysis for this report
- Where respondents did not answer a question, the base is correspondingly reduced and a revised base size provided



## 6 in 10

Describe themselves as an ICAEW licensed insolvency practitioner; 40% as an ICAEW Chartered Accountant

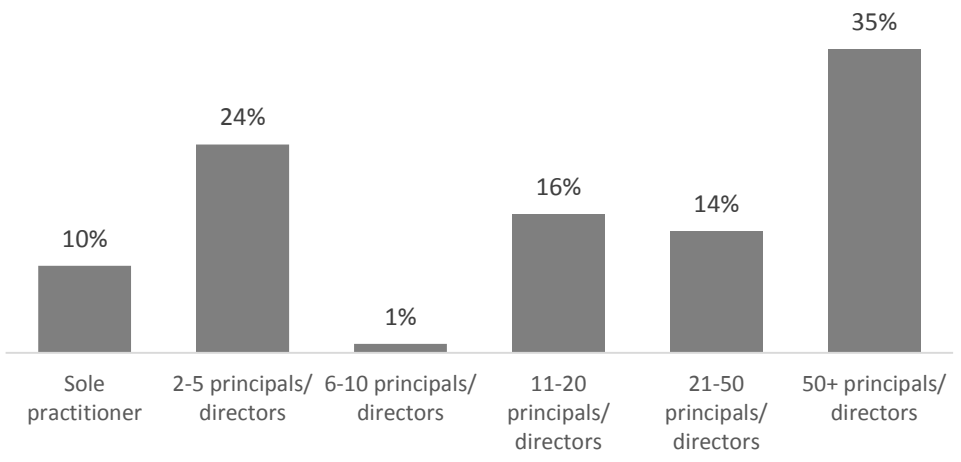


## 9 in 10

Have over 11 years restructuring/ insolvency experience



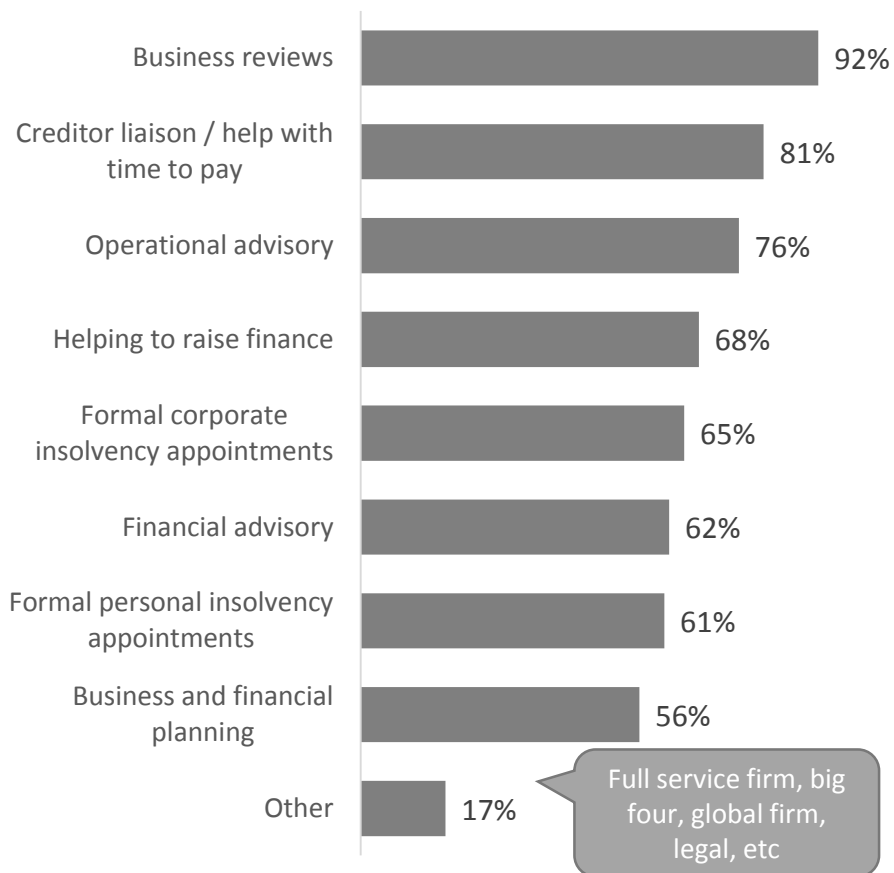
**48%** of those taking part have more than 20 principals/directors



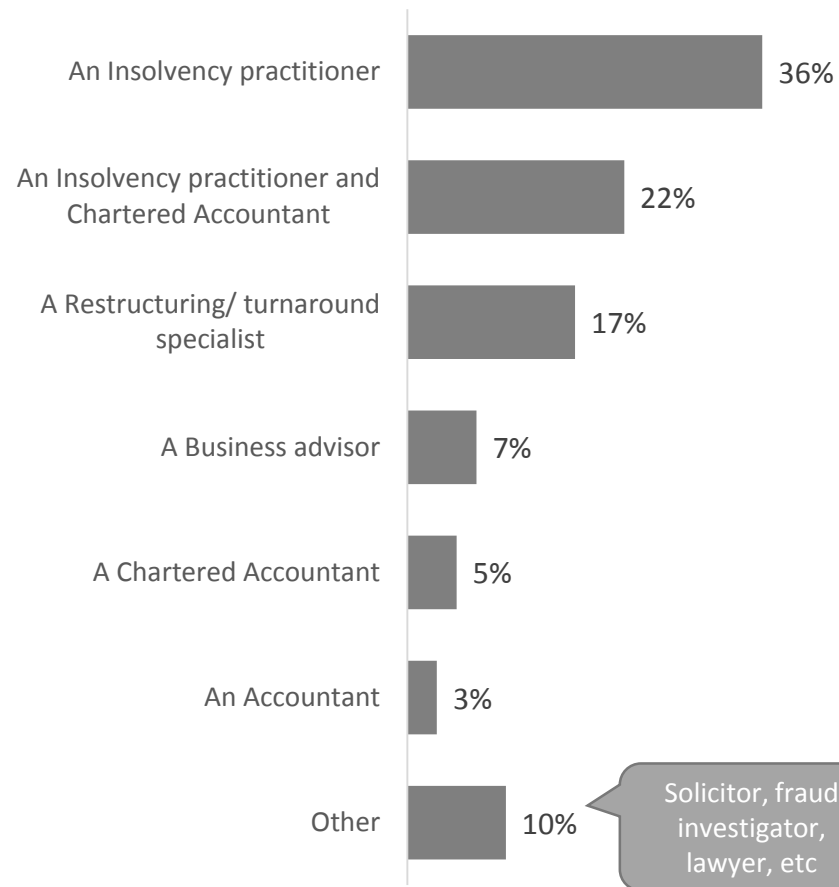
# Services offered and self description



## Services offered



## Describe yourself

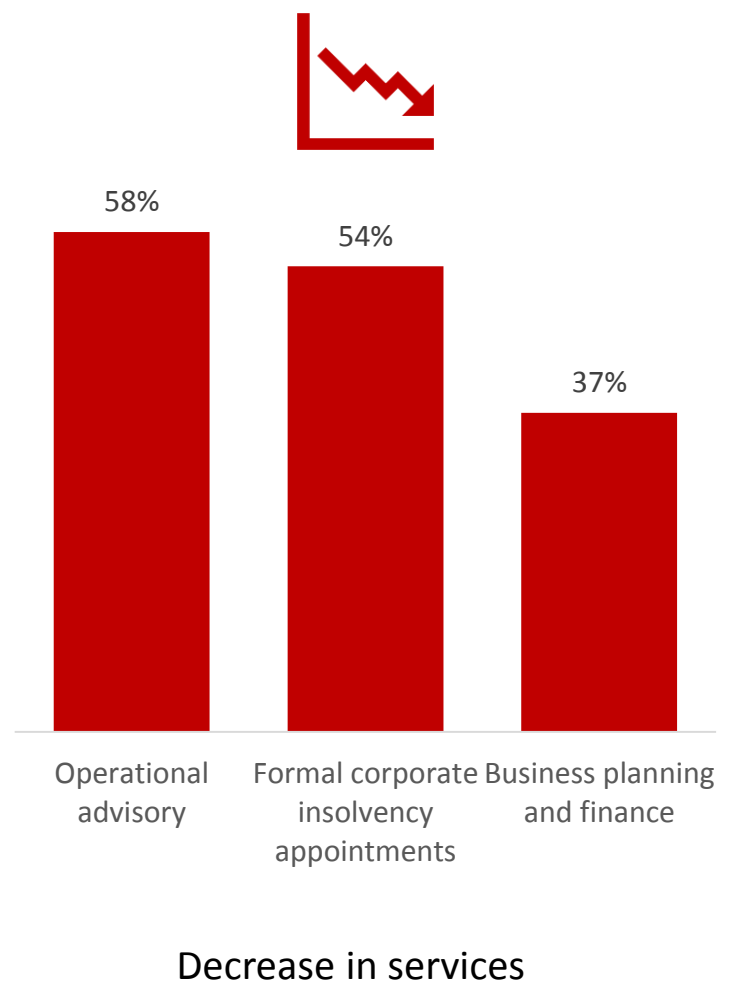
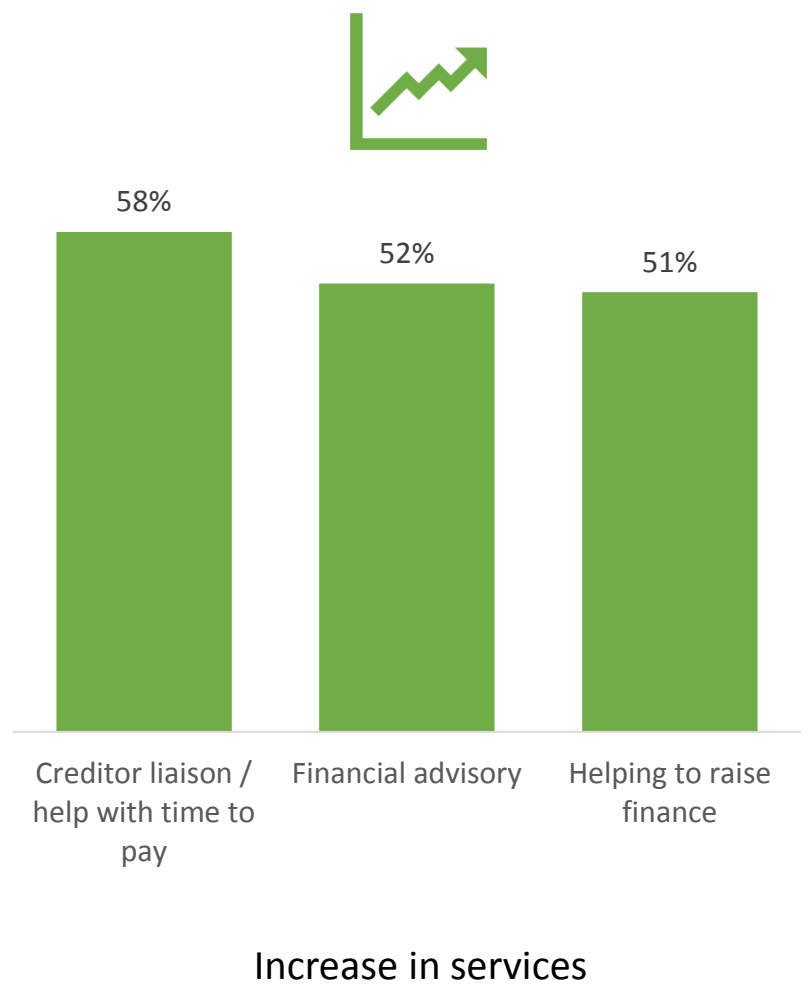




Change in services offered



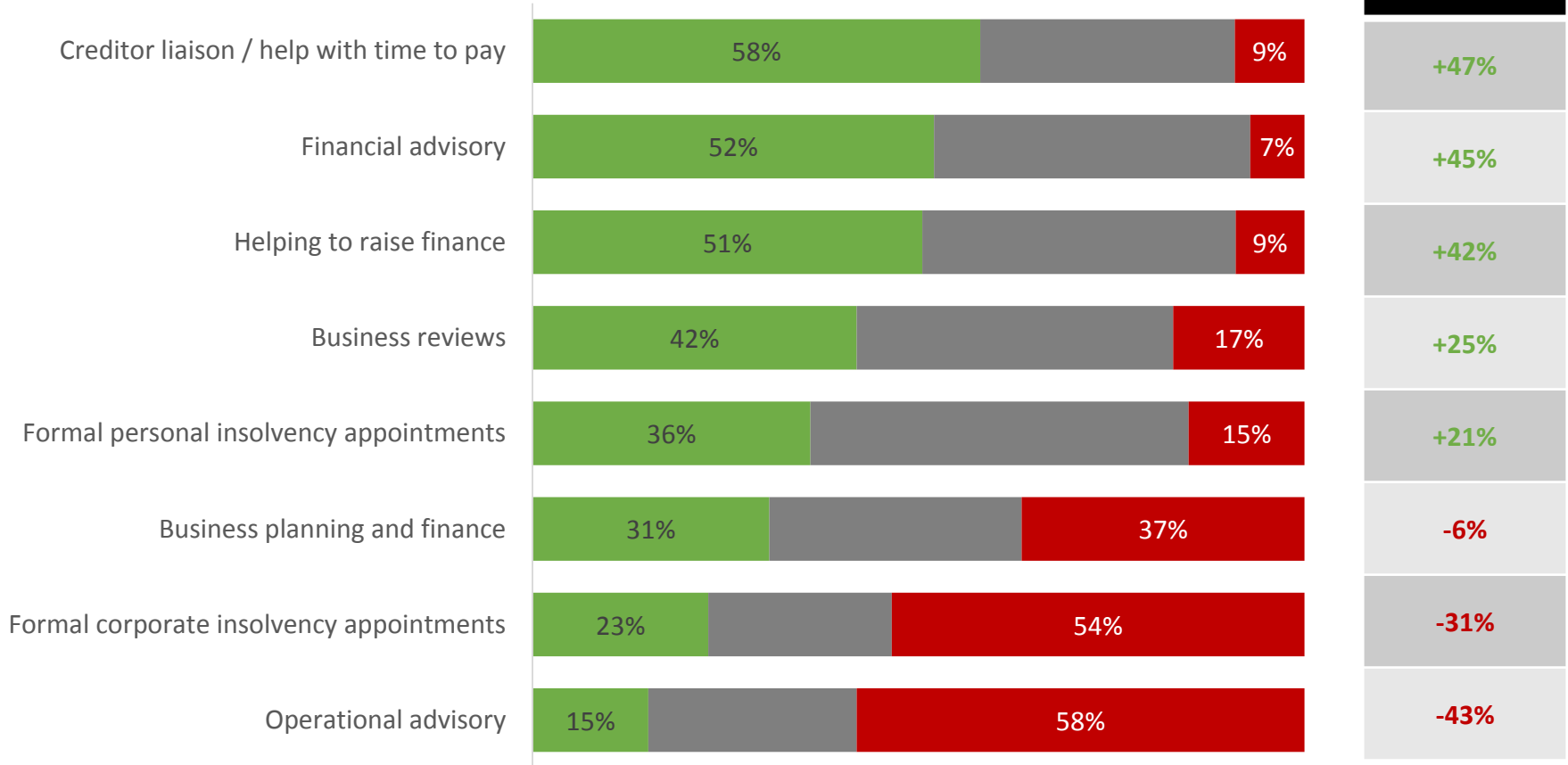
# Change in services offered over past 2 years - summary



# Change in services offered over past 2 years

■ Increase      ■ Stayed the same      ■ Decrease

**'Net' change**



July 2017  
Insolvency Practitioners

Q6. Over the last two years what changes have you seen in the services that you offer for ...  
(base: 91 to 140)

# Most significant increase in past two years



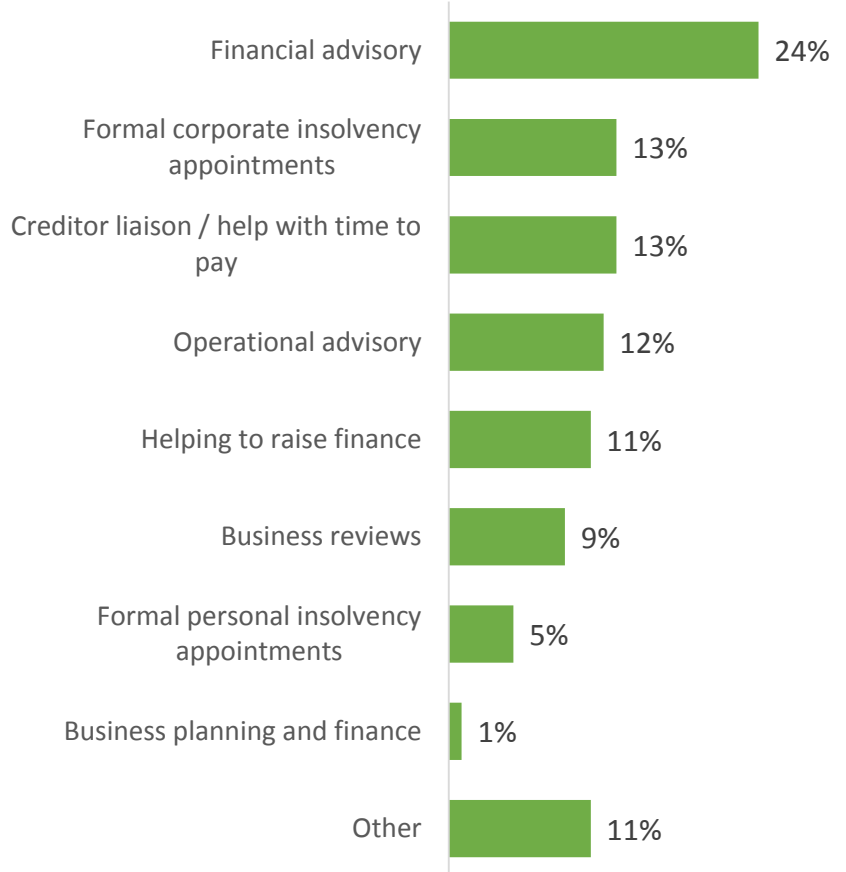
Financial advisory	24%
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Formal corporate insolvency appts	13%
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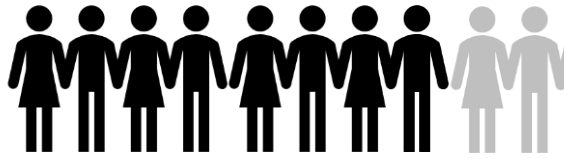


Creditor liaison / help with time to pay	16%
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# Change in way firm operates

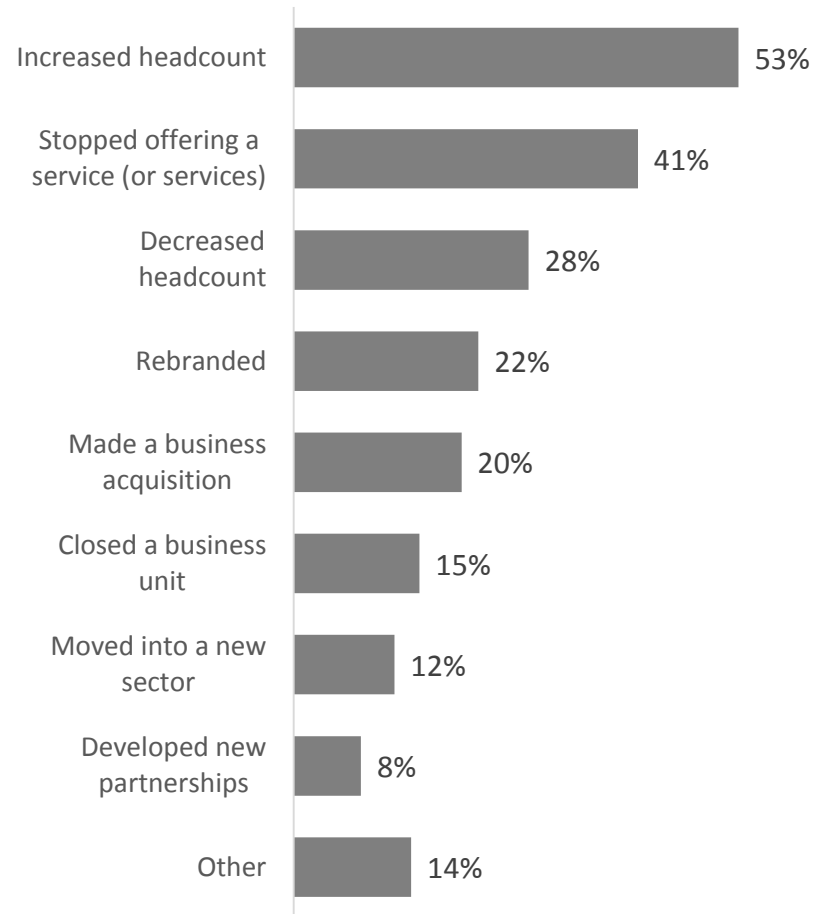


## 8 in 10

Have changed the way they operate as a result of market changes\*



<b>Increased headcount</b>	<b>Stopped offering a service</b>
<b>53%</b>	<b>41%</b>



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Insolvency Practitioners

Q8. As a result of the market changes in the last two years, have you/ your firm changed the way you operate? (base=146)

Q9. How have you changed the way your firm operates? (base:109)

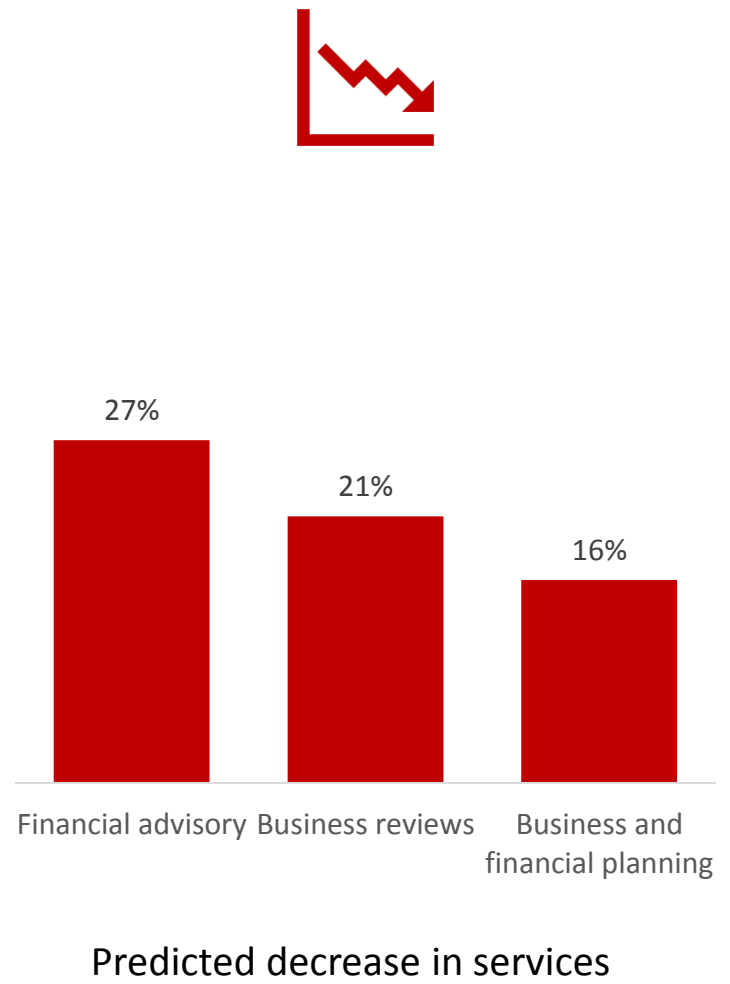
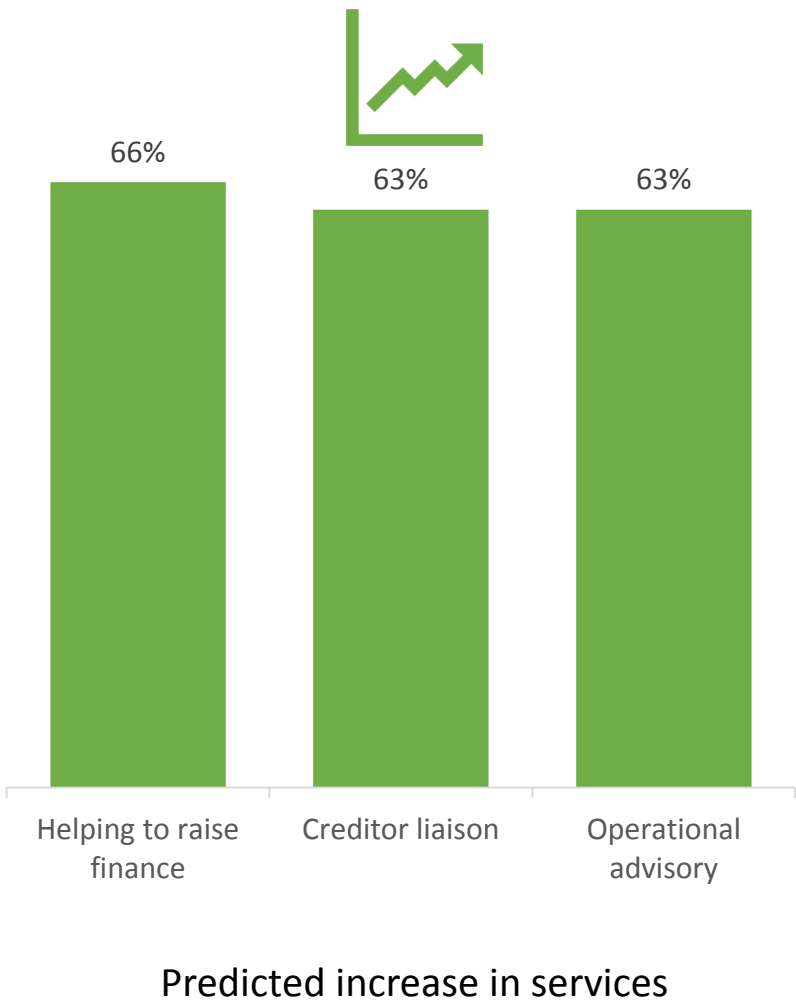
\* Actual percentage is 75.34%



Future offer – next two years



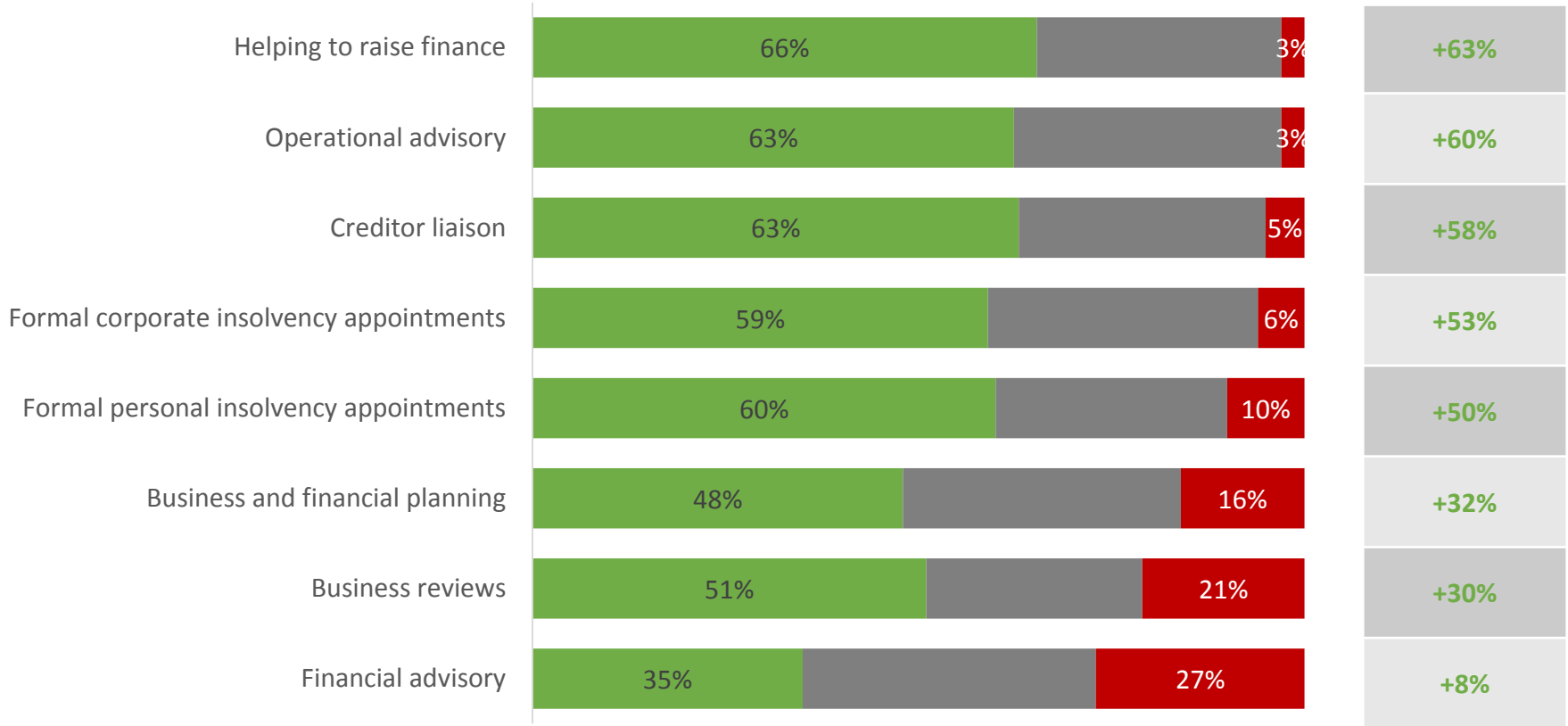
# Predicted change in services offered in future - summary



# Predicted change in services offered in future

■ Increase      ■ Stay the same      ■ Decrease

**'Net' change**



July 2017  
Insolvency Practitioners

Q10. Looking forward, over the next two years, what changes do you expect to see in the level of work for each of the following areas? (base: 107 to 136)

# Predicted change in services offered in future (increase)



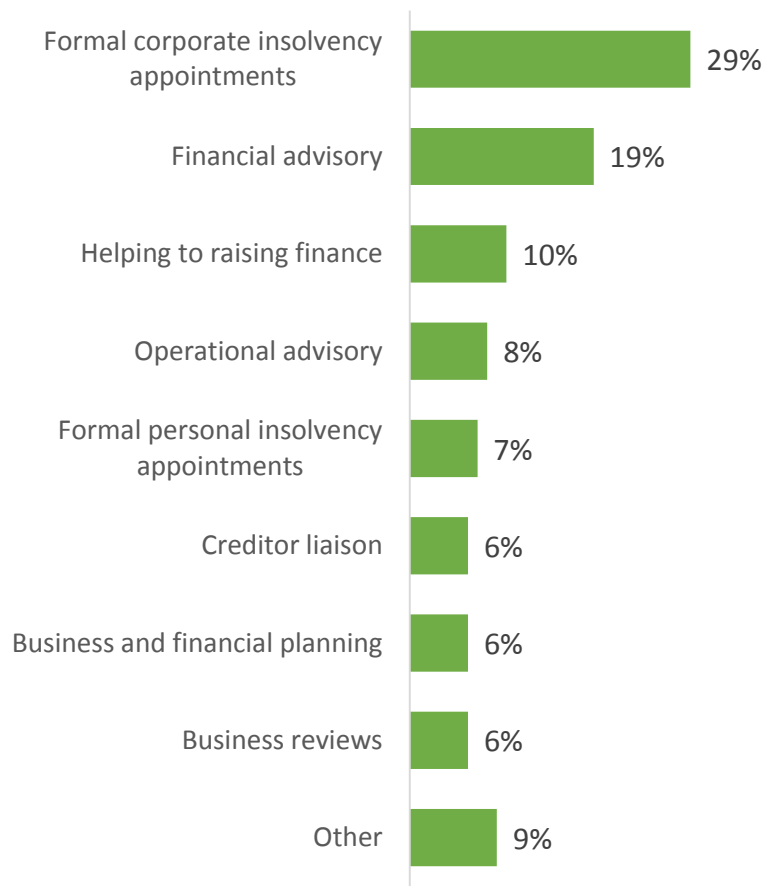
Formal corporate insolvency appts	29%
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Financial advisory	19%
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Helping to raise finance	10%
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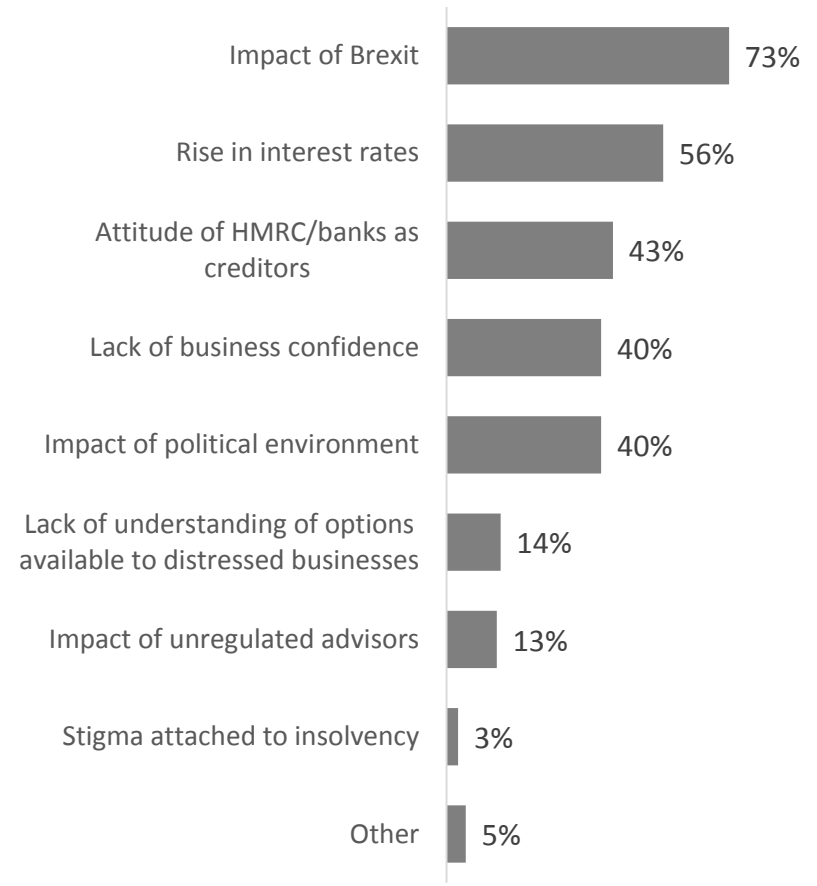


Q11. In which area do you expect to see the most significant increase in the next two years? (base: 144)

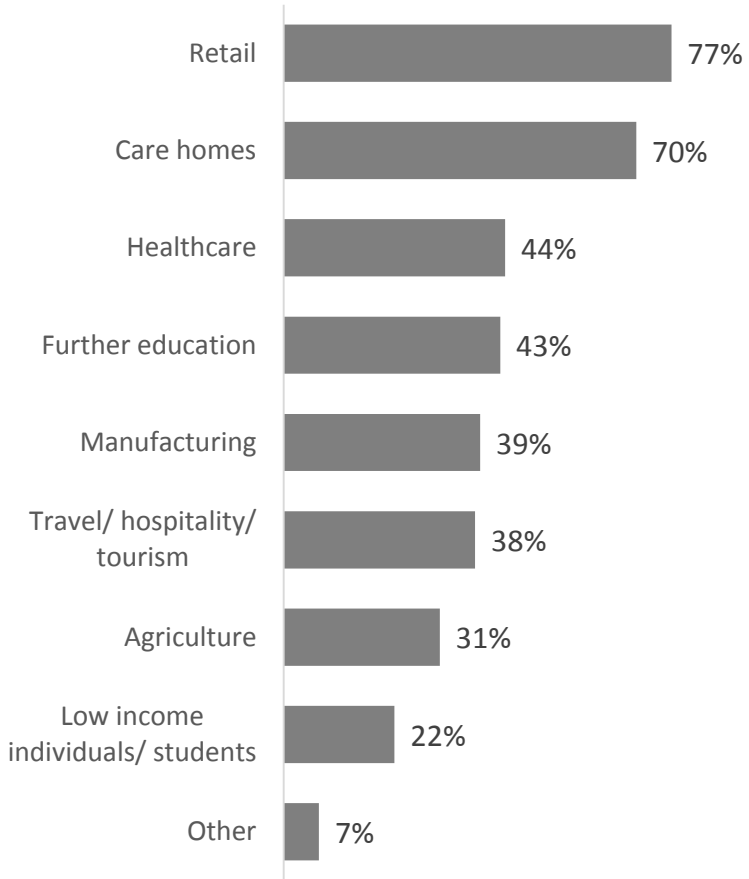
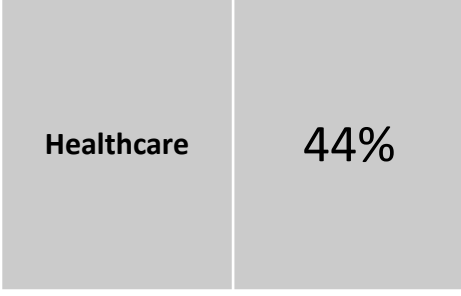
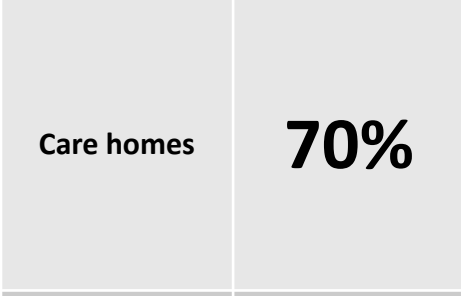
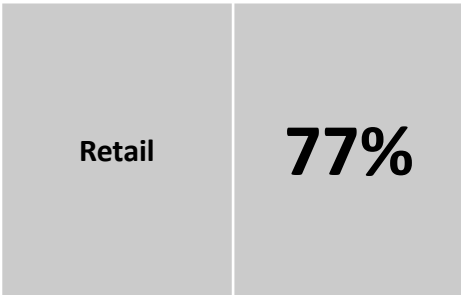
# Driving future change



Impact of Brexit	73%
Rise in interest rates	56%
Attitude of HMRC/ banks as creditors	43%



# Sectors facing increased financial difficulties



Q13. Over the next two years, what sectors do you think will face increased financial difficulty? (base=145)



# New skills required

*"Broader financial advisory and operational restructuring skills."*

*"Get to grips with the New Insolvency Rules 2016."*

*"Increase in the use of digital-based services. Practical experience on advisory/business planning."*

*"Marketing , IT - ability to compete the unlicensed brigade."*

*"Increasing awareness of regulatory environment on relevant sectors."*



**New skills to remain competitive**

*"Need to access market fairly reduce the number of unregulated introducers and middle men."*

*"Teams need to be multi-skilled and able to work across traditional service streams (e.g. 'insolvency', 'advisory'). Company side services and associated skill sets will become increasingly important.."*




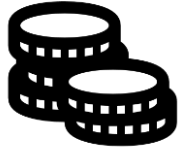
*"Wide knowledge of finance providers. Understanding of economic environment Knowledge of tax/vat (e.g. R&D, capital allowances) and other areas which may assist companies Advisory/report writing skills Streamlining of procedures."*

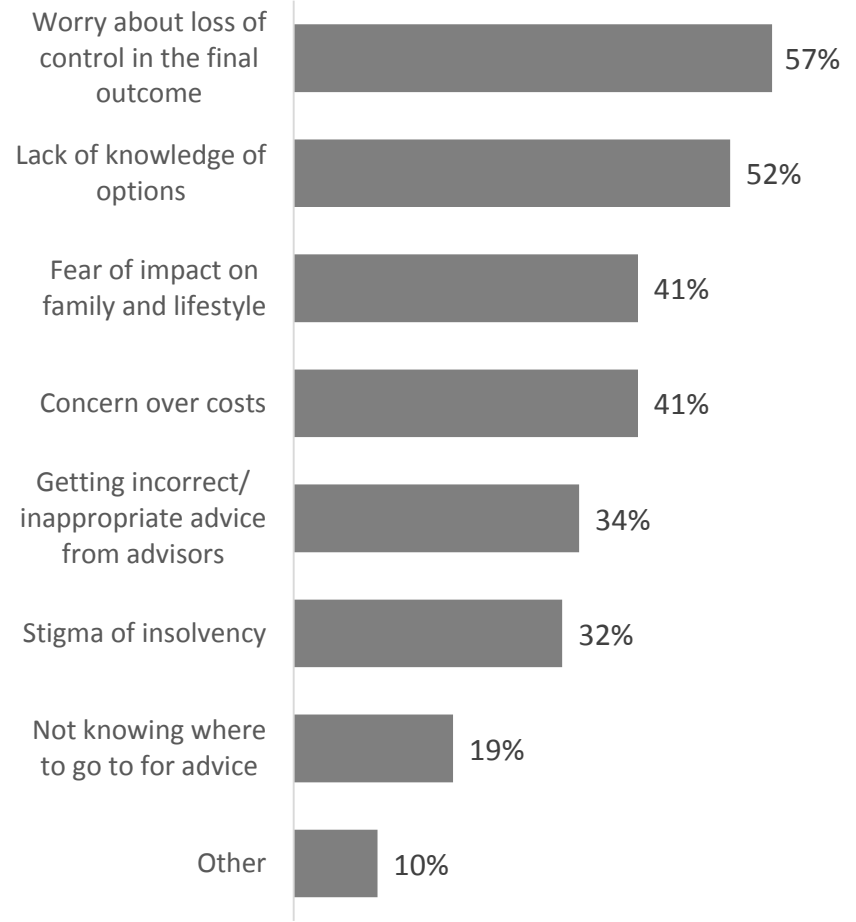




Support and seeking advice earlier

# Reasons preventing companies seeking advice earlier

	<b>Worry about loss of control in the final outcome</b>	<b>57%</b>
	<b>Lack of knowledge of options</b>	<b>52%</b>
	<b>Fear of impact on family and lifestyle</b>	<b>41%</b>
	<b>Concern over costs</b>	<b>41%</b>



# Encouragement to seek advice earlier



31%



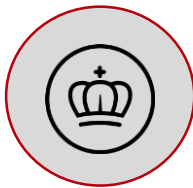
22%



18%



17%



6%

Positive media messaging around the insolvency profession

Better promotion of options and where to seek advice

Educating other business advisors on options available

Better education for directors

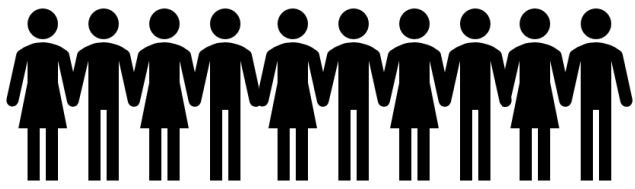
HMRC encouraged to give greater support to a rescue environment



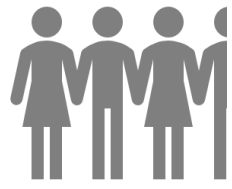
# Healthy business rescue culture in the UK?



To what extent do you agree that there is a healthy business rescue culture in the UK?



16%



38%



38%

I don't think there is a business rescue culture in the UK

I believe there is an **emerging** business rescue culture in the UK

I agree there is a **strong** business rescue culture in the UK



*"Back off from increasing regulation - focus on quality of outcomes, rather than continuing to develop an obsessive compliance culture."*

*"More simplification of insolvency-related legislation!! Whilst "creditor engagement" is laudable, the vast majority of unsecured creditors are just NOT interested in most insolvency cases."*

*"Encourage creditor engagement and encourage financing of businesses as this has been restricted stock since the credit crunch leading the to a slow demise for many businesses."*



*"Stop over-regulating (e.g. pre-packs, creditors' meetings); believe in insolvency as a valuable mechanism for recycling businesses and assets (and jobs) into viable entities attracting new investment."*

*"Force HMRC to use the information available to it in collecting tax due more effectively. This will encourage businesses to seek help at a far earlier stage when there is a greater prospect of rescuing them."*

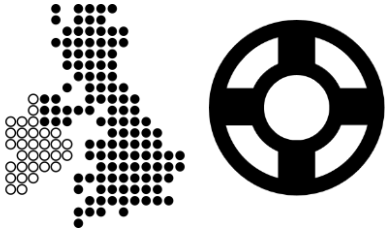
*"Stop bringing in new legislation that is not helpful to creditor and company participation. Promote our specialist services as recognised internationally not nationally. Add not detract from our tool box. Stop Insolvency Service taking over our work."*

# Encourage a business rescue centre

*"The Regulatory Bodies need to be more aggressive in removing the bad apples from our profession."*

*"Strengthen the brand of the IP by having one RPB. There are still too many mixed messages which mean that business owners don't end up getting help from an IP until it is too late."*

*"Ensure people understand what we do and how we can genuinely help rescue businesses when engaged at the right time."*



*"Promote our services across all disciplines and get fellow professionals to recommend us earlier and engage with us."*

*"More education to professional advisors and directly to company directors/individuals on the options available pre- and post-insolvency."*

*"More co-operation between panel and non panel firms. Encourage the creation of a new professional organisation for bankers paid for by the banks."*

*"There needs to be a clear message that taking action to rescue the business rather than entrench a failing vehicle is likely to be better for stakeholders in the long run."*



Q21. What additional support do you need to realign your/your firm's skills to the changing market?

*Additional training on business performance improvement/Strategy and vision/Business planning/Business finance and equity raising. Improved PR regarding the business consultative and advisory skills of IP's*

*Advisory and review skills.*

*Better engagement with the government and creditor groups*

*Compliance and training*

*Continuous improvement in technology*

*Different individuals*

*Free up our time from so much compliance so we can spend more time on things that matter i.e. forward thinking.*

*Greater access to business finance market*

*Guidance on regulatory changes especially, on Data Protection MLR etc*

*Increase profile of the insolvency profession and its value to the economy*

*Increased recognition from banks and lenders of what mid-tier firms can do*

*Look at the skills needed for the new rules etc*

*Marketing our skills beyond just being Insolvency Practitioners*

*Media and PR training for all practices to improve the image of the profession*

*More help with compliance and a better understanding of small IP practices, we can't all be Ernst & Young, Deloitte & PwC.*

*More literature from RPBs*

*More support from the Government to the Insolvency profession.*

*The ICAEW breakfast briefings have been very helpful in the past and more like that would be useful to keep up to speed with the changing legislation.*

*There's already tons of support*

*Training costs - revenues are decreasing but costs of being in the profession are increasing unrealistically*



Q22. Are there any other general comments or observations you'd like to make?

*Be frank. We live and work in an openly capitalistic environment. Risk is all around us. Failure is bound to occur somewhere, sometime, to someone. Get over it. Fees are still unfairly focussed on - far more value is added because of an insolvency practitioners involvement either via clearing up companies that need closing down or maximising assets/rescuing the business. We are still being criticized for fees with no support from ICAEW in a way that neither accountants or solicitors are! Get R3 to represent the profession properly and help smaller practises. We have just had a massive profession overhaul and it has been a costly everyman for themselves situation to prepare for it*

*HMRC are destroying the rescue culture and appear answerable to no one. They disregard carefully thought out and developed forecasts and proposals. They will not allow involvement in the draft proposals but will seek to impose unreasonable changes at the last minute. as a result there is a growth in pre-packs.*

*I am very concerned about the Insolvency Service becoming an unfair rival for certain types of insolvency*

*I deal mostly with small businesses and options for these small businesses are limited, whether by funding, costs or skills of the owners, rather than any regime change*

*I now spend MORE hours providing the required information to creditors under the 2016 Rules than ever before and creditors are STILL not interested - they only really want to know if they'll receive any money back and when...*

*In a changing world we need to be dynamic but not stifled from doing what we do. Constantly increasing the burden of compliance whilst complaining about cost is madness. When we are able to do our job generally we do it very well compared to many other countries who follow our lead or like to copy what we do. Recognising this and promoting this would help UK plc and the tax take!!*

*It ought to be obligatory for ALL regulatory bodies to inform the IP concerned the moment a formal complaint is made against him or his firm. Radio silence while a live case is underway can and will adversely impact the IP's work for example when bringing antecedent transactions against an individual who has previously complained. This has not happened to this firm but we learned that this was the current standard format during our recent and positive routine monitoring visit.*

*People seem to see insolvency as over priced and removing value so look to refinancing. In the long run refinancing tired vehicles is removing productivity gains and causes an economic inflexibility. As such insolvency needs to be actively encouraged - the more failure the more success (Keith Joseph)*

*The Government should be canvassed more for The Insolvency Service not to undertake any formal insolvency work in-house.*

*The insolvency legislation currently in force is designed for medium to large sized companies. A small companies insolvency regime is required that is less complex and cheaper to administer.*

*The lack of creditor engagement has been an issue for as long as I have been in insolvency which is 18 years. Additional legislation by government does not make creditors engage but instead increases the costs of the insolvency appointment and leads to less creditor engagement as they feel they get a lower dividend.*

*The other way in which the Government could promote the rescue culture is by not forcing any more unnecessary legislative change on the profession. The time and money we are all having to spend on coping with the new Rules could surely be better spent elsewhere in helping businesses in need.*







## Appendix

# Respondent overview

