

NEWSLETTER

Q2 June 2017

Redundancy Payments Office Weekly wage increase

The Employment Rights (Increase of Limits) Order 2017 came into force on 6 April 2017 and increases the weekly wage limit to £489 where employees are owed sums following an insolvent event.

PPF confirms plans to raise Fraud Compensation Levy in 2017/18

The Pension Protection Fund is raising a Fraud Compensation Levy in 2017/18, for the first time in five years. The PPF, which runs the Fraud Compensation Fund (FCF), has been notified of a number of possible claims which may come to the FCF in the next few years. Therefore, with forward planning in mind and to smooth the impact to schemes over time, the PPF is raising a levy of 25p per member – the same as in 2012/13. The levy is expected to raise around £5 million in total. The FCF pays compensation to eligible work-based pension schemes – including defined contribution schemes – where the employer is insolvent and the scheme has lost out due to offences involving dishonesty. The levy is collected by The Pensions Regulator alongside its general levy. The collection process began on 1 April.

The implications of the general election result for the insolvency and restructuring profession identified by R3 our trade body

During the general election, R3 called on the next government to address a number of priorities for our profession to ensure the UK maintains its status as a world-class insolvency and restructuring hub and ensure that the UK remains an attractive place to do business.

1. Corporate insolvency framework

R3 would like the new government to move ahead with its four proposals for reform of the UK's corporate insolvency framework (subject to amendments to some of the detail, such as the proposed length of the moratorium).

2. Brexit and mutual recognition

The EU Regulation on Insolvency and the Recast Brussels Regulation should be preserved in negotiations via an equivalent treaty between the UK and the EU. If they are not preserved, jobs, growth, inward investment and productivity will be harmed, the cost of borrowing would be likely to increase and the UK's position as a centre for international restructuring and insolvency work would be undermined.

3. Seeking debt advice from appropriately qualified professionals early enough

As part of the government's aims to ensure that more businesses can access the finance and management skills they need to grow and succeed, R3 encourages the government to work closely with the insolvency and restructuring profession to ensure that businesses in financial trouble seek advice as early as possible, to give them the best possible chance of long term survival.

4. Other issues for the government to address

There are a number of other issues that R3 is keen for the new government to address

- Resolving the conflict between employment and insolvency law in collective redundancies to better protect taxpayer money and ensure viable businesses can be rescued
- Working with HMRC to improve communication between the profession and the department to ensure that viable businesses are rescued whilst also ensuring that any new tax reforms do not restrict opportunities for business rescue
- A review of The Pensions Regulator engagement with insolvent or financially distressed companies to improve the long-term prospects of both the pension scheme and the company;
- Move forward with proposals for a new 'breathing space' tool for indebted individuals

R3 will also be seeking clarification on a number of specific measures which were originally included in the Finance Bill earlier this year, including the introduction of Making Tax Digital and changes to Corporation Tax loss-relief.

Insolvency Forms

The Court, Insolvency Service and Registrar of Companies have all produced new forms for the Insolvency Rules 2016 effective 6 April 2017. These replace and update the forms produced following the Insolvency Rules 1986. The Companies House forms can be viewed at:

www.gov.uk/government/collections/companies-house-forms-for-insolvency

Insolvency Service Statistics

	Q1 2017	Change on Q4 2016	Change on Q1 2016
Case numbers E&W			
Corporate			
Compulsory Liquidations	836	3.3%	2.8%
Creditors' Voluntary Liquidations	2,693	-38.1%	5.4%
Administrations	357	2.1%	13.0%
Company Voluntary Arrangements	81	-12%	-3.6%
Receiverships	0	N/A	N/A
Personal			
Bankruptcies	3,873	13%	3.7%
Debt Relief Orders	6,119	-2.0%	-9.0%
IVAs	14,539	12.5%	35.2%

New Exeter Office open

We are pleased announce the opening of an office at 24 Southernhay, East, Exeter, EX1 1QL. Situated in the heart of the central business district it will enable us to hold local meetings in a quiet atmosphere and better serve our Exeter, East Devon and Somerset clients.

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