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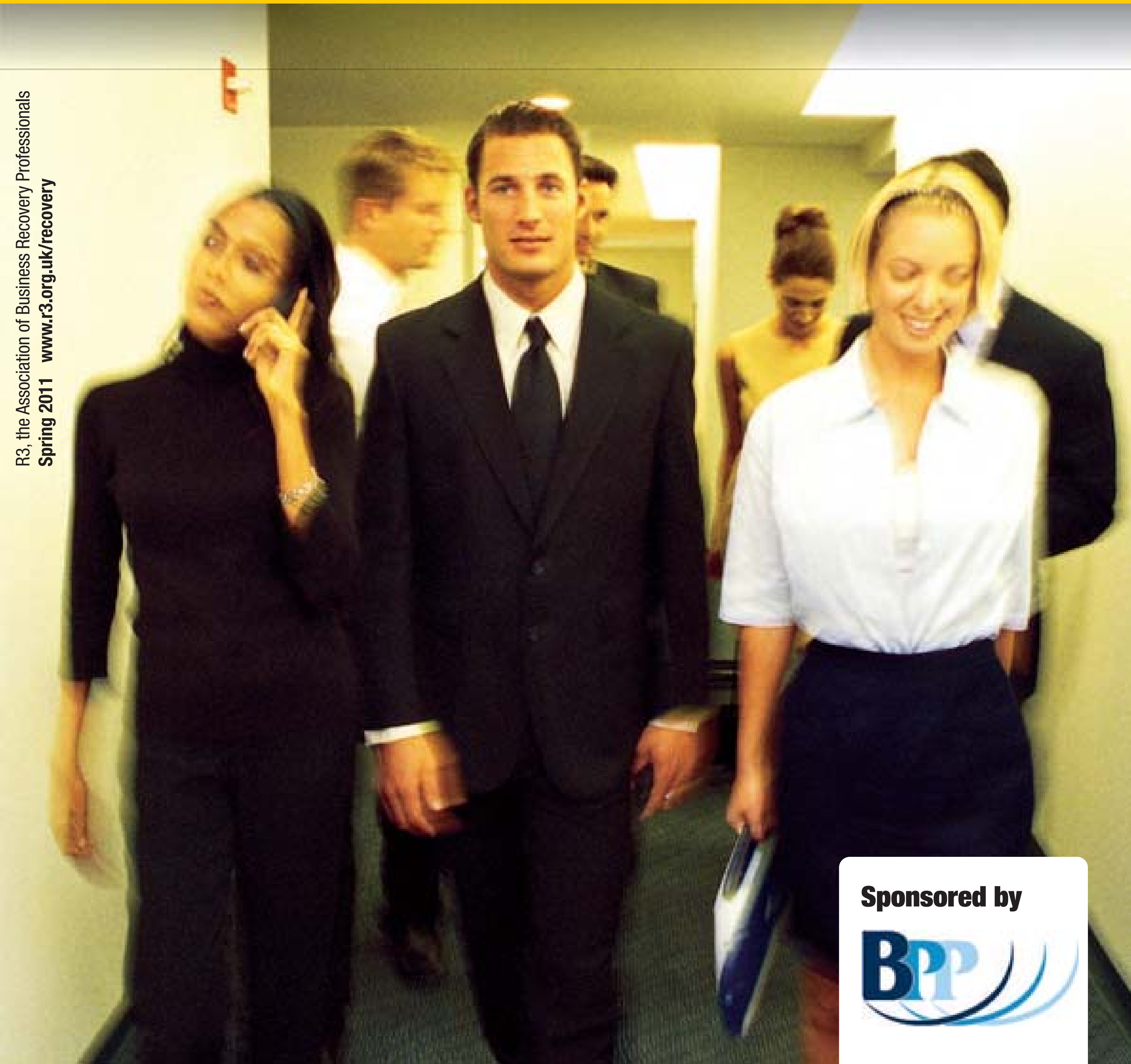

R3, the Association of Business Recovery Professionals

Spring 2011 www.r3.org.uk/recovery

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The increasing need for insolvency training in today's commercial world

André Evans explains the training needs of the insolvency sector, the options available and how trainers, firms and personnel seek to balance the competing demands of staff development and professional practice.

'Of all the mysteries of the stock exchange there is none so impenetrable as why there should be a buyer for everyone who seeks to sell… 24th October 1929 showed that what is mysterious is not inevitable. Often there were no buyers and only after wide vertical declines could anyone be induced to bid.'

This was written by J K Galbraith in *The Great Crash 1929: The classic account of financial disaster* but he might equally have been writing of the morning of Friday, 10 October 2008.

On that day, I was helping to facilitate a course at one of the larger law firms. It was just before 9.00 am and one of the lawyers picked up the news item on (inevitably) his Blackberry that the FTSE 100 had just fallen ten per cent in seven minutes. This was a week that would have seemed impossible to most observers even a year earlier. Icelandic banks were put into administration, the government bailed out familiar high street names such as the Royal Bank of Scotland and Lloyds banking group: these stock market-listed institutions now virtually nationalised industries. Three weeks before, Lehmans had become the biggest Chapter 11 filing in US history and AIG, the world's largest insurer, had been kept afloat by a $200-million cash injection.

> Insolvency and recovery work takes place within a complex regulatory structure extending far beyond the insolvency legislation itself. The law in these [other] areas, as well as in insolvency itself, is constantly changing.

Back at BPP, it did not take very much foresight to realise that the knowledge and skills of our clients who specialise in insolvency and corporate recovery would be in more demand than ever – and so, of course, it has turned out to be. In this harsh economic environment, directors and managers of businesses and over-indebted individuals have needed specialist advice as never before while the number of formal insolvencies has continued to rise. Somehow firms and staff need to fit their training needs around all these other myriad pressures on their time.

Training needs

Training forms an essential part of a staff development strategy for our client firms. Entry-level employees must be familiarised with the UK's famously complex array of insolvency procedures as well as with the firm's own internal processes.

Prospective insolvency practitioners must sit the demanding examinations set by the Joint Insolvency Examination Board (JIEB). Qualified staff are also required to comply with the continuing professional development requirements of the various Recognised Professional Bodies. All need to undertake technical and skills training to equip them for their developing role within the firm.

Starting out

For those in the early stages of their career, a range of beginners- and foundation-level courses are available, designed to give those relatively new to insolvency practice an overview of corporate and personal insolvency procedures.

Many organisations steer appropriate candidates who need a basic grounding in insolvency law and practice towards the Certificate of Proficiency in Insolvency (CPI) of the Insolvency Practitioners Association (IPA). No minimum period of work experience is required to sit the CPI and the exam aims, in a single three-hour paper, to test a broad range of the areas most commonly encountered in practice such as IVAs, bankruptcies, voluntary liquidation and administrations.

The exam, sat in June of each year, consists of multiple-choice, short form and written questions. Candidates can be required to draft documents and prepare straightforward insolvency accounts as well as answering hypothetical problem questions.

New qualifications

Recently, two new qualifications have entered the market. Firstly, the IPA introduced the Certificate of Proficiency in Personal Insolvency (CPPI) last year. The exam is structured similarly to the CPI but

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focuses on, and gives a thorough grounding in, personal insolvency issues, including those relating to insolvent partnerships and deceased insolvents. Candidates are expected to have a good working knowledge of non-statutory solutions such as debt management plans. The new qualification is a welcome innovation at a time when personal insolvencies remain high.

Also in 2010, the ICAEW introduced its new qualification – the ICAEW Certificate in Insolvency. The syllabus is very broadly based, covering all aspects of corporate and personal insolvency. A key feature of this new qualification is flexibility in terms of when and how candidates can be assessed.

It is run entirely through objective test questions, so that examinations are computer based. Frequent exam sittings, as well as the opportunity for unsuccessful candidates to re-sit very shortly after their first attempt enables people to fit the qualification more easily around their personal and working lives.

IP licence

Those who want to become licensed insolvency practitioners will, of course, have to pass the JIEB examinations, which are sat in November of each year. These consist of three papers: paper 1 (liquidations), paper 2 (administrations, company voluntary arrangements and receiverships) and paper 3 (personal insolvency). These three-and-a-half-hour examinations constitute a formidable barrier to entry to the insolvency profession. Candidates must be adept at giving practical written advice, drafting documents, preparing insolvency accounts and financial projections as well as having a good working knowledge of legal regulation and best practice.

The exams have a practical and topical bias – recent papers, for instance, have featured questions on pre-packaged administrations and statutory and non-statutory debt solutions for individuals.

Those preparing for the exam tend to be qualified accountants or solicitors or have considerable experience of insolvency work – typically they are people who are well established in their firms who have to juggle the courses and home study with the demands of busy professional practice. Despite the challenges (and perhaps not surprisingly), numbers enrolled on courses for the 2011 examinations are high.

Many client firms provide generous amounts of study leave to aid candidates in balancing these demands, as well as ensuring that their employees have the best possible opportunity of passing at the first attempt. The seniority of the candidates and the costs in lost chargeable time make it vital for training and study to be really effective.

In recent years, changes in the JIEB rules have helped by allowing candidates greater flexibility in the order in which the papers are sat. It is now possible to sit just one paper in year one and then, subsequently, take the remaining two papers at the same sitting.

Another option, which has been available for some years now, is to take two papers at the first sitting and then the third paper in the subsequent year. The changes are welcome and increasing numbers of candidates are taking advantage of them. However, 'credit accumulation' – the process of acquiring examination passes over a number of sittings – will not suit every candidate nor every firm. There are two main advantages when taking all three papers at the one sitting.

> "Changes in the JIEB rules have helped by allowing candidates greater flexibility in the order in which the papers are sat, and the timing."

- Firstly and obviously, a successful candidate has got the whole qualification 'out of the way' and can now get on with the rest of his or her life safe in the knowledge that he or she will never have to, for instance, sit a mock exam ever again.
- Secondly, it is arguably more efficient to work on passing all three exams, given that so many areas of the syllabus are relevant to all three papers – including many of the areas covered in the statements of insolvency practice such as remuneration, records of meetings and the rules relating to creditors' committees.

Planning ahead

Alas, many professional people acquire the bad habit at the academic stage of their training of leaving study to the last minute. This may have been effective as a 21-year-old with few calls on his or her time outside of the need to eventually get down to some study, but it is a high-risk strategy for a busy professional, one who often has family and practice management responsibilities as well as the obligation to study for exams.

So planning when study is going to take place and what topics are going to be looked at is crucial. In particular, it is vital that candidates gain hands-on experience of attempting previous JIEB questions in exam conditions. The more a candidate's time is limited, the more important it is to treat study as if it were a work goal – something that will be undertaken by a deadline and must be done to the best of the candidate's ability.

Mentoring and support

The process of executing a study plan is so important that some firms employ training providers or consultants to provide mentoring or coaching programmes to manage the task of motivating and preparing candidates. Other students form their own study groups to help members stick to a programme of structured study and these informal groups have proved very effective in the past and provide a welcome break from solitary study.

Keeping up to date with regulatory changes

Insolvency and recovery work takes place within a complex regulatory structure extending far beyond the insolvency legislation itself. Practitioners will regularly encounter issues in areas as diverse as employment law, intellectual property, data protection, landlord and tenant, money laundering, consumer credit – the list is endless.

The law in many of these areas, as well as in insolvency itself, is constantly changing. Recent examples include the final tranche of the Companies Act 2006 coming into force, the new Insolvency (Amendment) Rules that came into force in April 2010, the consequential changes to SIP 9 and the pronouncements of The Insolvency Service on the subject of pre-packs. There is also a constant trickle of cases on topical areas such as centre of main interests migration under the EC Insolvency Regulation and TUPE Regulations.

So, the need for keeping up to date is clear – and not only on the technical but also on the practical aspects of insolvency as types of business that were previously thought to be relatively safe come under pressure. A colleague and I, for instance, recently attended an excellent R3 course on insolvent partnerships, which covered, among other things, the insolvency of solicitors' practices. Last year, Halliwells, a well known law firm sent shock waves through the profession when it went into administration.

Why train?

It goes without saying that training benefits organisations that need to ensure that their staff are competent, empowered and appropriately qualified and regularly updated in their field.

It is also highly valued by staff who recognise that it represents a heavy investment in their own development. That in turn helps to attract and retain the best talent – perhaps one of the most important reasons why organisations are prepared to make the investment they do in training. To find out more about BPP's professional training programmes for individuals and businesses, see **www.bpp.com**.

André Evans is head of learning and development at BPP.

Career progress

2009's JIEB award winners talk about studying for the JIEB, what they enjoy about their jobs and their hopes for future professional progression.

Jackie Parsons is a senior insolvency manager at Dodd Rescue.
IPA prize for first place and the ICAEW prize for the member with the highest mark

The exams (and studying for them) were one of the most challenging experiences in my career. When studying you really do seem to have the worst of both worlds. You have to combine studying with the daily challenges of working in an environment that involves reacting at short notice. Time management becomes the cardinal rule and you have to be dedicated to managing study time from the start.

I enjoy the pace, the variety, the people and the businesses and feel privileged to work in an area where our advice can help a business (or a part of it) to survive. My work incorporates a variety of corporate and individual cases and no two days are the same.

I am lucky to be part of a growing insolvency department up in Cumbria, and obtaining the JIEB qualification now enables us to bring a second IP into the firm. I also hope to continue my involvement in the ICAEW Insolvency SIG committee, helping them support IPs and continue to raise the profile of the rescue industry.

Annabel Allison is a manager in Corporate Recovery at RSM Tenon.
PwC prize for second place and BPP prize for highest mark in the Personal paper

The JIEB experience was the most difficult thing I have ever done; it literally consumed my life for the year. However, the feeling when I put my pen down after the third exam was priceless, although slightly superseded by the feeling on results day! The best advice I was given was to go into the exams and 'do your job'.

I love the variety within my job at RSM Tenon; no day or case are ever the same. I am a nosy problem solver by nature so my chosen career is perfect.

Passing the JIEB has been a key step in progressing with RSM Tenon and consolidating my 12 years' experience in insolvency. It has provided a platform for me to advance and experience different areas of the practice, I have had more exposure to the recovery and advisory side and hope to take appointments in the future.

Kevin Wall is a senior associate at Zolfo Cooper.
Leonard Curtis prize for third place

Studying for the JIEB was a bit of a marathon and involved a lot more study hours than any previous exams. Courses started in January and I was soon balancing revision for the three subjects with ongoing work commitments. November also approached quicker than I expected and in the last weeks before the exams the JIEB literally took over my life. I just kept focusing on one question after another, aiming to pick up another answer each time. Fortunately, it seems to have worked!

I enjoy the variety and pressure that corporate recovery can bring, with no two assignments ever the same. It is this interesting and changing environment that has kept me in this career.

I'm currently on secondment at a leading bank and my future ambitions are to build further experience and relationships that allow me to continue to progress at Zolfo Cooper. Most importantly, I just want to remain in a role that I find challenging and enjoyable.

Caroline Leeds Ruby is a partner at Sherman & Sterling LLP.
ILA prize for the lawyer with the highest mark

The JIEB exams were an interesting challenge. I am a partner in a law firm so my study time was extremely limited and I had to draw on my existing knowledge and experience to a larger degree than BPP would advise! Obviously a regular study plan is the best option but do not give up hope if your hours are unpredictable like mine.

Most of the students taking the exams with me were accountants and the course was more focused on the accountancy and commercial side but I found these aspects the most interesting and useful. It was also good to get a non-legal view on certain topics. I would certainly encourage other lawyers reading this to study for the examinations.

Sarah Dickson is a senior executive in the Transaction Advisory Services.
ICAS prize for member with the highest mark

There is no denying that the JIEB is one of the biggest challenges I've faced. I was fortunate to receive a great deal of support from Ernst & Young LLP. The knowledge that I was studying for a qualification that could be used in my everyday working life helped to keep me motivated. It may sound crazy, but I thoroughly enjoyed it!

Every day brings something different. Although this can be challenging, I really enjoy tackling new issues, developing innovative solutions and ultimately adding value to the stakeholders. It is rewarding when you sell a business as a going concern knowing that, as well as getting the best results for creditors, you have also made a tangible difference to the lives of the employees.

I believe we work in an industry where you can earn respect from your peers and develop a strong reputation through hard work and always being seen to be fair and doing the right thing. The JIEB is a great platform to build from and I hope that, by working hard, I can continue to learn and to achieve my potential.

Joint Insolvency Examination – November 2010

Congratulations to all the successful candidates, as listed below.

JIEB 2010 prizes winners

Insolvency Practitioners' Association Prize for First Place Christopher Huzal

PricewaterhouseCoopers Prize for Second Place Joanna Bull

Leonard Curtis Prize for Third Place James Cresswell

Association of Chartered Certified Accountants' Prize (awarded to the ACCA member with the highest mark) James Cresswell

ICAEW Prize (awarded to the ICAEW member with the highest mark) Christopher Huzal

Insolvency Lawyers' Association Prize (awarded to the lawyer with the highest mark) Amy Gallimore

Institute of Chartered Accountants of Scotland Prize (awarded to the candidate in the Scottish papers with the highest and sufficiently meritorious marks) Stuart Preston

BPP Prize (awarded to the candidate with the highest mark in the Personal paper) Steven Wright

A

Adlam C (8344) Norwich
Armstrong G (8009) Paisley
Asbury M (8201) Dudley

B

Baker H (8327) Merthyr Tydfil
Bartlett C (8305) Bristol
Bills M (8100) London
Blackhall A (8128) London
Bradley R (8254) Manchester
Brock T (8268) Manchester
Brooks C (8203) Birmingham
Brown S (8332) Sunderland
Bull J (8097) Leeds
Bullman S (8065) Chichester

C

Cadet K (8315) Waterlooville
Callender J (8147) Bedford
Carter P (8055) Guildford
Carvill-Biggs S (8090) Watford
Chiang G (8214) Salford
Clarke E (8053) Eye
Coad R (8302) Clevedon
Colclough S (8238) Nantwich
Cole R (8216) Sale
Cole S (8255) Wigan
Collins S (8060) Twickenham
Connell E (8275) Leeds
Cowgill B (8215) Bolton
Craig P (8014) Glasgow
Cresswell J (8269) York

D

Davidson I (8230) Stockport
Davies R (8099) Harlow
Dickens P (8106) London
Dickens S (8062) Kingston upon Thames
Dodhia H (8140) Stanmore
Dowers J (8049) London
Dymond R (8281) Dronfield

E

Easterby R (8184) London

F

Farmer D (8350) Rayleigh

G

Galley L (8226) Wilmslow
Gallimore A (8114) Dorchester
Gaunt S (8146) London
Goodhew R (8179) London

H

Hailey D (8130) Baldock
Hancock S (8191) Birmingham
Harris-Rush R (8283) Sheffield
Haunch O (8083) London
Hemming P (8084) London
Hewitt J (8088) Dartford
Hicks S (8342) Tavistock
Higgins M (8334) Newcastle upon Tyne
Holgate H (8078) Haywards Heath
Hopkins D (8251) Bolton
Hunt M (8199) Worcester
Hutt J (8178) London
Huzal C (8056) London

I

Imison D (8086) London

J

Jacobson M (8180) London
James R (8239) Chester

K

Keany E (8340) Torquay
Kedney J (8194) Birmingham
Kemp D (8046) New Malden
Kent I (8127) Woking

L

Larkman T (8043) London
Legdon E (8277) Sheffield
Leggett P (8301) Bristol
Leonard I (8029) Belfast
Lewin J (8349) Nottingham
Lewis C (8202) Sutton Coldfield

M

McDonnell R (8107) London
McRobert G (8120) London
Maddison H (8136) St. Albans
Malik S (8080) London
Malone M (8213) Worcester
Massey A (8054) London
Matthews I (8058) London
Mistry H (8237) Stockport
Mittal R (8192) Walsall
Moffitt K (8112) London
Morgan L (8125) London
Morley N (8298) Doncaster
Myers N (8104) Coulsdon

N

Nairn I (8335) Durham
Nakar A (8072) Surbiton
Naughton L (8138) London
Neill J (8030) Hillsborough

O

O'Connor J (8057) London

P

Page H (8172) London
Palacio C (8310) Southampton
Parker J (8287) Leeds
Pearson K (8333) Gateshead
Peat M (8231) Stockport
Penn L (8338) Exeter
Preston S (8001) South Queensferry
Pretlove G (8126) Hornchurch
Prince G (8182) Lichfield
Pullin M (8274) Stockton-on-Tees

Q

Qureshi F (8115) Stanmore

R

Radomsky A (8174) Edgware
Reid M (8173) Eastbourne
Rifkind C (8177) London
Rimmer J (8189) Leicester
Robb S (8010) Glasgow
Robinson T (8217) Derby
Robson B (8185) Rugby
Russell R (8346) Nottingham

S

Sanderson S (8064) London
Sandher R (8181) Solihull
Seifert J (8052) Pinner
Short L (8118) London
Shortt D (8050) Gerrards Cross
Sloper M (8232) Manchester
Southard A (8003) Broxburn
Stibbons S (8137) Bexleyheath

T

Tate C (8320) Eastleigh
Tatton W (8221) Stoke-on-Trent
Taylor J (8264) Bacup
To K (8314) Brighton
Tout M (8309) Southsea

W

Watts C (8067) London
Webster J (8266) Sale
Welburn E (8276) Harrogate
Whitaker L (8145) Brighton
Whittaker T (8242) Chorley
Wildsmith B (8228) Cheadle
Williamson C (8250) Chorley
Woodhall M (8087) Reading
Wright S (8011) Glasgow

Analysis of November 2010 results

Papers sat	Papers passed				
	3	2	1	0	Total
3	78	29	25	23	**155**
2		31	34	24	**89**
1			51	55	**106**
Total	**78**	**60**	**110**	**102**	**350**

R3 events, courses and conferences

Date	Event title	Venue
March		
1	Introductory Programme – Personal Insolvency 1	etc. venues, London
1	Introductory Programme – Personal Insolvency 1	Deloitte, Birmingham
1	Introductory Programme – Personal Insolvency 1	Irwin Mitchell, Leeds
8	Trading Insolvencies	Grange City Hotel, London
10	Liquidations	Cedar Court Hotel, Huddersfield
22	Business & Options Reviews	CCT Venues, Barbican
24	Liquidations	Hyatt Regency, Birmingham
24	West Midlands New Professionals Bowling & Buffet Evening	Bowlplex Birmingham
29	Yorkshire Women's Group Regional Meeting	Kings Chambers, Leeds
31	Trading Insolvencies	Chase Hotel, Cheltenham
31	Yorkshire Regional Meeting	Crowne Plaza, Leeds
April		
5	CPI Student Workshop	Lawrence Graham, London
5	Introductory Programme – Personal Insolvency 2	etc. venues, London
5	Introductory Programme – Personal Insolvency 2	Deloitte, Birmingham
5	Introductory Programme – Personal Insolvency 2	Irwin Mitchell, Leeds
7	SPG Technical Review	Grange City Hotel, London
11	Eastern Regional Meeting	TBA
27	CPI Student Workshop	Ernst and Young, London
28	North East Charity Bike Ride	Starts at Lands End
May		
2	North East Charity Bike Ride	Finishes in Newcastle
11–13	R3 21st Annual Conference – Coming of Age	Celtic Manor Resort, South Wales
17	Introductory Programme – Rescue 1	etc. venues, London
17	Introductory Programme – Rescue 1	Deloitte, Birmingham
17	Introductory Programme – Rescue 1	Irwin Mitchell, Leeds
18	North East Regional Meeting	RSM Tenon, Sunderland
19	SPG Technical Review	Met Hotel, Leeds
19	Midlands Spring Ball	The ICC, Birmingham
19	North West Region Golf Day	Bolton Golf Club
24	Debt Restructuring	Hilton Tower Bridge, London

For further information on R3 courses and conferences, please visit the R3 website **www.r3.org.uk**, where you can download the full 2011 programme. Alternatively, call the Courses team on 020 7566 4234 to request a programme by post.

regional events **R3 events**