**[Company Name] (the Company)**

**Fees Information in accordance with The Insolvency (England and Wales) Rules 2016 and Statement of Insolvency Practice 9**

**Fees Overview**

Prior to an office holder agreeing the basis of remuneration, details of the work proposed to be done and the expenses it is considered will be, or are likely to be, incurred in dealing with an insolvent’s affairs must be provided to creditors.

In addition, where an office holder proposes to take all or any part of this remuneration based on the time spent in dealing with the insolvent’s affairs, a ***fees estimate*** must also be provided. This will outline the anticipated cost of that work, how long it is anticipated the work will take and whether any further approvals may be needed from creditors in due course.

It should be noted that a ***fees estimate*** may be provided to a particular milestone or for a designated period in a case, where it is not possible to accurately estimate the work that will need to be done at the outset.

Creditors should be aware that the ***fees estimate*** is based on all of the information available now and may be subject to change due to unforeseen circumstances that may arise during the assignment. If it is considered that this estimate will be exceeded, the office holder will provide an update and seek approval to increase the previously agreed estimate.

**Work anticipated and the likely outcome to creditors**

Some of the work undertaken by an office holder is required by statute and may not necessarily provide a financial benefit to creditors. Examples of this work include investigations required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 or dealing with the claims of former employees via the National Insurance Fund.

It may also be necessary for an office holder to instruct other parties to assist with the assignment because of a particular expertise that they may bring, such as asset valuation, tax or legal advice. Details of any anticipated expenses can be found at the end of this document, although it should be noted that this may change during the course of an assignment where it is necessary to seek additional expertise or specialist support.

Office holders are also required to comment on whether the work they anticipate doing will provide a financial benefit to creditors and to give an indication of the likely return to creditors when seeking approval for the basis of their remuneration. Due to the complex nature of the work undertaken by insolvency practitioners and the uncertainties that may exist in relation to the realisation of an insolvent’s assets at the outset of a case, this position may change during an assignment, therefore updates will be provided in periodic progress reports to creditors.

In this case, it is anticipated that a distribution may become available for the *[enter details of the anticipated outcome here, which for example may be that a distribution will be paid to the secured or the secured and preferential creditors only, or a prescribed part distribution to the unsecured creditors may result, etc].* Further information on this can be found below in the section on ‘**Creditors (claims and distributions)**’.

**Proposed Fee Basis**

In this case, it is being proposed that the basis of my remuneration as office holder will be based on the time spent by me and my staff in dealing with the insolvent’s affairs. My ***fees estimate*** is attached to this document which totals £[Amount] and is based on all the work I currently propose will be necessary in this assignment. If I consider this estimate will be exceeded, I will notify creditors, provide a revised estimate and seek further approval for my increased fees. Similarly, I will update creditors in my future progress reports on the amount I anticipate being paid against this estimate.

The remainder of this document contains an explanation of the work I propose undertaking. Each part of the work to be undertaken will necessarily require different levels of expertise and therefore related cost. To aid understanding, for the purposes of my ***fees estimate***, I have indicated an average blended rate of the grades of staff such as myself, the case manager, the case administrator and cashier when estimating the total hours to be spent on each part of the work.

*[OR, if not using blended rates but actual rates per grade of staff, delete the second paragraph above and insert the following paragraph instead]*

The remainder of this document contains an explanation of the work I propose undertaking. Each part of the work to be undertaken will necessarily require different levels of expertise and therefore related cost. To aid understanding, for the purposes of my ***fees estimate***, I have indicated the rates and grades of staff such as myself, the case manager, the case administrator and cashier when estimating the total hours to be spent on each part of the work.

*[If it is not feasible to estimate the total costs for the assignment at this stage and you are providing a fee estimate to a milestone or for a designated period, include the following section rather than the above information]*

In this case, it is being proposed that the basis of my remuneration as office holder will be based on the time spent by me and my staff in dealing with the insolvent’s affairs. My ***fees estimate*** is attached to this document however I do not consider that I can accurately estimate my fees for the entire duration of the assignment at this time. I have therefore produced my estimate on the basis of [enter details of milestone or designated period to which the estimate has been produced] which totals £[Amount].

Each part of the work to be undertaken will necessarily require different levels of expertise and therefore related cost. In order to aid understanding, for the purposes of my ***fees estimate***, I have indicated an average blended rate of the grades of staff such as myself, the case manager, the case administrator and cashier when estimating the total hours to be spent on each part of the work.

I will update creditors prior the expiry of this [milestone/designated period] to provide a revised estimate with a view to seeking further approval as necessary and will update creditors in my future progress reports on the amount I anticipate being paid against this estimate.

*[OR, if not using blended rates but actual rates per grade of staff, delete the above two paragraphs and insert the following two paragraphs instead]*

Each part of the work to be undertaken will necessarily require different levels of expertise and therefore related cost. In order to aid understanding, for the purposes of my ***fees estimate***, I have indicated the rates and grades of staff such as myself, the case manager, the case administrator and cashier when estimating the total hours to be spent on each part of the work.

I will update creditors prior the expiry of this [milestone/designated period] in order to provide a revised estimate and seek further approval as necessary and will update creditors in my future progress reports on the amount I anticipate being paid against this estimate.

**Outline of work to be done by the office holder**

Below are details of the work I propose undertaking in support of my ***fees estimate*** for the assignment:

***Administration (including statutory compliance & reporting)***

Office holders are required to carry out certain tasks in nearly every insolvency assignment, namely administrative duties and dealing with the claims of creditors. Whilst these tasks are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, they do not necessarily produce any direct financial benefit for creditors, but nonetheless still have to be undertaken.

This work may include: *[delete or edit all items listed that are not applicable to this appointment]*

* Notifying creditors of the office holder’s appointment and other associated formalities including statutory advertising and filing relevant statutory notices
* Securing the insolvent’s assets and placing insurance where appropriate
* Preparing and issuing annual progress reports to creditors (and members where applicable)
* Lodging periodic returns with the Registrar of Companies
* Complying with statutory duties in respect of the office holder’s specific penalty bond
* Creation and update of case files on the firm’s insolvency software
* Redirection of mail to the office holder’s premises
* Establishing and holding periodic meetings of any committee formed and associated filing formalities
* Securing the insolvent’s books and records
* Pension regulatory reporting and auto-enrolment cancellation
* Completion and filing of the notice of the insolvency with HMRC
* Initial assessment required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 (CDDA) including the review of the insolvent’s books and records and the identification of potential further asset realisations which may be pursued in the proceedings *[Note: if the firm records time for this work on their system under ‘Investigations’ rather than ‘Administration’ remove from this section and outline in ‘Investigations’ below instead]*
* Submitting a statutory report to the Insolvency Service under the CDDA *[Note: if the firm records time for this work on their system under ‘Investigations’ rather than ‘Administration’ remove from this section and outline in ‘Investigations’ below instead]*
* Periodic case progression reviews (typically at the end of Month 1 and every 6 months thereafter)
* Opening, maintaining and managing the insolvent estate cashbook and bank account(s)
* Dealing with all post-appointment VAT and corporation tax compliance as applicable to the proceedings
* Liaison with secured creditors, obtaining charge documents and validating the security
* Dealing with employees to provide support and assistance in lodging any claims they may be entitled to make for unpaid wages, holiday pay and other statutory entitlements from the National Insurance Fund and the insolvent entity. Liaising with (or appointing) union representatives and payroll providers and reviewing employment contracts as necessary *[Note: if the firm records time for this work on their system under ‘Creditors’ rather than ‘Administration’ remove from this section and outline in ‘Creditors’ below instead’*
* Closing the case and preparing and issuing the office holder(s) final account to prescribed parties

***Realisation of assets***

*[Outline the main assets to be realised, using appropriate sub-headings for different categories of assets. Provide a narrative explanation of the work you intend undertaking for each category to realise them.*

*This explanation should be clear as to what work will be done by you, as well as what aspects are to be outsourced. If work that could be done by the office holder is being sub-contracted to another party (eg, debt collection work, ERA work, etc) then SIP9 requires this to be drawn to the attention of creditors and other interested parties with an explanation of why it is being done and how much it will cost. You could refer the cost element to the table of expenses below.*

*If it is known at the time the fees estimate is prepared, that legal action will (or may) be required to facilitate any realisation, both in terms of securing and disposing of assets, explain this to creditors. Also ensure that any perceived difficulties in realising assets are covered off and note where applicable, that the fees estimate may be revised if the initial strategy over asset disposal is not implemented for any reason.]*

Work done by the office holder(s), their staff and any third parties engaged to assist the office holder in realising the insolvent’s assets will, it is anticipated, provide a financial benefit to creditors. This may involve realising assets to facilitate a distribution to secured or preferential creditors only, or may, depending on realisations and the extent of any 3rd party security, result in a distribution to the unsecured creditors. If there are no assets to be realised and the costs of the proceedings are to be met by way of a contribution from the directors or another third party, then there will be no direct financial benefit to creditors.

*[If you are providing an estimated outcome statement with the fees estimate, include the following sentence, otherwise delete it]* The attached Estimated Outcome Statement provides an illustration of what the outcome for creditors may be at this time, however this is subject to fluctuation during the proceedings, depending on actual realisations made, costs incurred and the eventual claims submitted by creditors, all of which cannot be predicted with any certainty at this stage.

*[then continue with]*

Creditors will be updated on the anticipated outcome in future progress reports issued by the office holder.

***Creditors (claims and distributions)***As office holder, I will deal with all secured, preferential and unsecured creditor correspondence and claims as received, including any claims of creditors under retention of title. Based on the estimated statement of affairs, I currently think that after taking into consideration the costs of realising the assets and dealing with the statutory formalities of the insolvency process and the related costs and expenses, a distribution may become available to the [secured/preferential/unsecured creditors - state likely outcome] *[OR]* I think there that no dividend will be available to creditors in this case. I will deal with the review and adjudication of creditors’ claims as appropriate, if and when it is determined that a dividend is to be declared.

*[If no EOS is being provided, remember the revised SIP9 requires that an indication of the likely return to creditors be given when seeking approval for the basis of remuneration (unlike the previous SIP9 which only required this where it was “practical to do so”), therefore you will need to include narrative about the likely outcome in the alternative instead.]*

It should be noted that the above is based on the estimated statement of affairs and the projected realisable value of the assets which at this stage is unconfirmed, together with the anticipated costs of the proceedings. I will undertake appropriate investigations into and obtain valuations of the insolvent’s assets and will update the likely return to creditors in my future progress reports.

***Investigations***

*[Edit this section as necessary where investigations are not required by statute in the proceedings or where SIP2 does apply but CDDA does not – ie, in a Compulsory Liquidation]*

As office holder, I am required to conduct investigations into the conduct of the director(s) of the Company and transactions entered into prior to the Company’s insolvency, as required by the Company Directors Disqualification Act 1986 and Statement of Insolvency Practice 2 (Investigations by Office Holders in Administrations and Insolvent Liquidations).

This work may not necessarily lead to any financial benefit to creditors yet is work I am required to undertake by statute. My initial investigations may reveal that further recoveries could be available for the insolvent estate and if this proves to be the case and I consider that further work will be required to pursue these assets, I will refer back to creditors about the likely costs involved in pursuing such recoveries.

[Enter further subheadings as necessary for work categories covered by the fee proposal above and explain] *Nb, SIP 9 states that not all divisions of work will be appropriate in all cases and the office holder should consider what divisions are likely to be appropriate and proportionate for the circumstances of each appointment (Para 27)*

**Office Holder’s Expenses and the use of Subcontractors**

Expenses are payments from an insolvent estate which are neither an office holder’s remuneration nor a distribution to a creditor or shareholder. Some expenses can be paid without prior approval from creditors (**Category 1 expenses**) and other expenses which may have an element of shared costs or are proposed to be paid to an associate of the office holder, require approval before they can be paid (**Category 2 expenses**).

Examples of expenses include agent’s costs for assisting in the disposal and realisation of assets, legal costs, specialist pensions advice, tax services or other routine expenses associated with an insolvency appointment such as statutory advertising costs, the office holder’s specific penalty bond and costs associated with storing books and records. Expenses also include disbursements which are payments that are first met by the office holder and then reimbursed at a later date from the estate, usually when realisations permit.

Further details of my firm’s Category 2 expenses policy, which explains the basis on which any proposed expenses appearing in the relevant table below are being charged to the estate, is attached for creditors’ information. Approval to pay any proposed Category 2 expenses will be sought from creditors at the same time as the basis of the office holder’s remuneration is agreed.

Below is a summary of the Category 1 and Category 2 expenses it is considered will be, or are likely to be, incurred in this case. An update will be provided in my first progress report to creditors in due course and then in subsequent reports thereafter until the case is concluded.

*[Nb, SIP 9 effective 1/4/21 (see Para 25) now permits the office holder to provide a range, or repeat a range quoted by a third party, for payments that the office holder anticipates will be, or are likely to be, paid eg, legal costs in litigation*

***Category 1 expenses***

The following Category 1 expenses are currently anticipated on this assignment and do not require prior approval from creditors to be paid:

*[Remember these expenses are concerned with expenses that are anticipated following appointment. Any unpaid pre-appointment fees and expenses should be reported separately and will appear in your receipts and payments account in due course, if approval to pay them from the estate is obtained.]*

|  |  |  |  |
| --- | --- | --- | --- |
| ***Expense*** | ***Basis of remuneration/cost*** | ***Service to be provided*** | ***Estimated cost***  ***£*** |
| Agent’s fees & expenses | State basis proposed – if % of realisations, state the % | Eg, valuation, uplift & sale of the insolvent’s property or chattel assets via auction/private treaty | XXXX |
| Legal fees & expenses | State basis proposed | Drafting sale agreement/pursuing book debts, other legal recoveries (specify) | XXXX |
| Statutory advertising | Fixed cost | Statutory advertising in London Gazette (if other, state) | XXXX |
| Specific Penalty Bond | Fixed cost | Statutory bond required in all insolvency appointments for each office holder appointed | XXXX |
| Insurance | Variable depending on duration of cover | Asset insurance | XXXX |
| External storage costs | £X per box of records stored | Storage of insolvent’s books & records for statutory timescales | XXXX |
| External meeting room hire | Fixed cost | Meeting room hire for creditors’ meeting | XXXX |
| Re-direction of mail | Fixed cost | Re-direction of the insolvent’s mail to the office holder | XXXX |
| Pension advice | State basis proposed | Specialist pensions advice relating the administration of the insolvent’s pension scheme(s) | XXXX |
| Case administration software | Fixed cost per case | Provision of insolvency case management software | XXXX |
| External Mail Services | State basis proposed | External mail service costs for creditor circulars eg, Postworks | XXXX |
| External Web Hosting | State basis proposed | External web hosting services for creditor circulars | XXXX |
| AML electronic searches | Fixed cost of £XX per individual search | Identity & verification searches of directors/ beneficial owners to company with ML Regs | XXXX |
| Bank charges | State cost | Charges incurred for operating the insolvent estate account(s) | XXXX |
| Others – provide details |  |  |  |

***Category 2 expenses***

The following Category 2 expenses are currently anticipated on this assignment and do require prior approval from creditors:

*[Note: remove notes in red in the table, these are for guidance only. If any expenses proposed such as external mail services, case-related web hosting or case administration software services are provided by an associated company, then these should be treated as Category 2 expenses rather than Category 1 expenses and included in the table below. If other payments to associated companies are proposed, again these must be disclosed and treated as a Category 2 expense requiring approval from creditors before being paid.]*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Expense*** | ***Basis of remuneration/ cost*** | ***Payment to Associate or shared/allocated cost*** | ***Service to be provided*** | ***Estimated cost***  ***£*** |
| External meeting room hire (where there is an element of shared or allocated cost between more than one insolvent entity) | State basis of allocation of cost | Shared/allocated cost | Meeting room hire for creditors’ meeting | XXXX |
| Business mileage | XXp per mile | Allocated cost | Cost reimbursed to office holder or staff member for case-related business mileage | XXXX |
| External storage costs (where there is a means of allocating a shared cost between cases) | State basis of allocating proposed cost | Allocated cost | Storage of insolvent’s books & records for statutory timescales | XXXX |
| Postage charges | £X per creditor circular | Allocated cost | Cost based on (eg, cost of 1st class large letter cost via Royal Mail) | XXXX |
| AML electronic searches | State basis of allocating proposed cost | Shared/allocated cost | Identity & verification searches of directors/ beneficial owners to company with ML Regs | XXXX |
| Others - state |  |  |  |  |

***Subcontractors***

On this assignment, it is proposed that the following subcontractors will be utilised to undertake work that could otherwise be done by the office holder or his/her staff. If further subcontractors are utilised during the assignment that are not foreseen at this stage, this will be reported in subsequent progress reports.

The reasons why it is felt appropriate to utilise subcontractors in this case for the proposed work is also explained against each subcontractor.

|  |  |  |
| --- | --- | --- |
| **Subcontractor** | **What work does this relate to and why is a subcontractor being used?** | **Anticipated cost of the services to be provided** |
| [Name] | Employee claims support, assisting with the submission of ERA claims to the Redundancy Payments Service and agreement of employee claims with the office holder. This may also include the production of P45s for former employees where appropriate.  This is a specialist claims area and we believe greater efficiencies will be created for the former employees and the estate if this sub-contractor works alongside the office holder to assist with the processing of claims, etc. | £XXX |
| [Name] – Debt collection work / Quantity Surveyor | Pursuing and collecting in of outstanding book/contract debts due to the estate. [Explain any specialist nature of the work here that would make it difficult or less efficient for the office holder and his/her staff to pursue these directly in relation to the nature of the appointment). We believe greater efficiencies and potential recoveries will be made by utilising a specialist collections company for a fixed price [outline]. | £XXX |
| [Add other subcontractors as necessary] |  |  |

**[IP Firm Name]’s Charge-out rates and Category 2 expenses policy**

Attached to this document are details of my firm’s current charge out rates and policy regarding the re-charge of Category 2 expenses.

It should be noted that my firm’s charge-out rates may increase periodically. If any such increases impact on the ***fees estimate*** for the assignment, creditors will be notified accordingly.

[Note: Attach the ***fees estimate*** and the firm’s charge-out rates and Category 2 expenses policy to this document. If Category 2 expenses are not charged by the firm, ensure you edit the above information to reflect this. If you do not have a fees estimate template, one of the tables below can be used in the alternative.]

***Office Holder’s Fees Estimate***

Below is my ***fees estimate*** for the assignment. The work the office holder anticipates undertaking in relation to this estimate has been outlined above. [It is an estimate for the entire assignment OR It is an estimate to [enter details of designated period/milestone]. If I consider this estimate will be exceeded, I will advise creditors and seek approval for my revised ***fees estimate*** as appropriate.

|  |  |  |  |
| --- | --- | --- | --- |
| **Category of work** | **Estimated Number of Hours** | **Average blended charge out rate  £** | **Estimated cost £** |
| Administration (inc statutory compliance & reporting)  Realisation of assets  Creditors (claims & distributions)\*  Investigations  Trading (where applicable)  Case specific matters (where applicable):  [Provide detail]  [Provide detail] |  |  |  |
| **Total estimated fees** |  |  | **£Enter total** |

*[If you do not intend using a blended average rate for the fees estimate, see table overleaf and insert instead]*

Below is my ***fees estimate*** for the assignment. The work the office holder anticipates undertaking in relation to this estimate has been outlined above. [It is an estimate for the entire assignment OR It is an estimate to [enter details of designated period/milestone]. If I consider this estimate will be exceeded, I will advise creditors and seek approval for my revised ***fees estimate*** as appropriate.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Hours** |  |  |  |  |  |
|  | **Partner /  Director** | **Manager** | **Administrator** | **Assistant Admin/ Support Staff /  Cashiering** | **Total Estimated hours** | **Total Estimated Cost £** | **Average hourly rate  £** |
| Administration (inc statutory compliance & reporting)  Realisation of assets  Creditors (claims & distributions)\*  Investigations  Trading (where applicable)  Case specific matters (where applicable):  [Provide detail]  [Provide detail] |  |  |  |  |  |  |  |
| **Total estimated hours by staff grade** |  |  |  |  |  |  |  |
| **Hourly rate** |  |  |  |  |  |  |  |
| **Total estimated time costs by staff grade** |  |  |  |  |  | **£Enter total** | **£Ave Rate** |

\*[Provide details of any assumptions made in estimating this cost for example, minutes per claim to agree and where relevant, distribute a dividend to each class of creditor. If using blended rates, adapt the table as appropriate]