

NORTHPOINT

PRACTICE FEE RECOVERY POLICY (revised 1 November 2020)

We can propose alternative fee bases for Creditors Voluntary Liquidation, Administration, Compulsory Liquidation and Bankruptcy cases.

The alternatives are “fixed”, “time costs” or “percentage”. Different bases can be proposed for different tasks. The basis is approved by a creditors committee, creditors generally (if no committee) or at Court. Once approved a periodic report provides prescribed updates.

Further information at www.creditorinsolvencyguide.co.uk, www.r3.org.uk and www.insolvency-practitioners.org.uk.

Fixed

Fees can be fixed with different amounts for different tasks. A report sets out the fee, work covered and likely expenses.

An increase can be agreed in a material and substantial change of circumstances. Otherwise, an increase must be sought at Court.

Time costs

This basis uses charge out rates appropriate to the skills/experience of an employee and the work they do. This is combined with the time they work on each case, in 6-minute units.

Charge-out rates since 1 June 2019 are Appointment Taker £450, Director/Consultant £350, Manager/Senior £300 and Cashier/Assistant £175.

Time spent and nature of work is recorded to the case. Work is recorded under Administration and Planning, Investigations, Realisation of Assets, Creditors, Trading and case specific matters.

When we seek approval we set out a fee estimate, which acts as a cap. We cannot draw more than the cap without approval. When seeking approval, we disclose the work carried out and work to do, hourly rates and the time that we think each part will take. We summarise that information in an average or “blended” rate for all work. We will also say whether we anticipate a need to seek approval to exceed the estimate and, if so, why.

The disclosure that we make should include sufficient information about the case to enable you to understand how the fee reflects the complexity (or otherwise) of the case, responsibility of an exceptional kind, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal (disclosure applies to all fee bases).

If we subsequently need authority to draw more fees, we will say why we have exceeded, or are likely to exceed the estimate; any additional work undertaken, or proposed to be undertaken; the hourly rates proposed for each part of the work; and the time that the additional work is expected to take. As with the original estimate, we will say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

Percentage

Fees can be charged on a % of the value of assets (realisations and/or distributions). Different % can be used for different assets. A fee report sets out potential assets, % proposed and work covered, as well as expenses likely to be incurred. Expenses can be incurred without approval but must be disclosed to put the remuneration request into context.

The % approved in respect of realisations will be charged against assets realised, and where approval is obtained on a mixture of bases, any fixed fee and time costs will then be charged against the funds remaining in the liquidation after the realisation percentage has been deducted.

If remuneration is approved on a % basis an increase in the % can be approved if a material and substantial change in the circumstances occurs. If not, an increase can only be approved at Court.

Agents

Agents are charged at cost including legal advisors, auctioneers/valuers, accountants, surveyors etc.

Disbursements

Category 1 - Expenses directly referable to a 3rd party invoice, in the name of the case or Northpoint with the case mentioned. These disbursements are recoverable without approval by payment from the estate or, where the firm has paid by a recharge. Examples are advertising, external meeting room hire, external storage and bond insurance.

Category 2 - Expenses incurred that could be recharged to the estate; they are not attributed to the estate by a third-party invoice and/or they may include a profit element. These disbursements are recoverable from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples are photocopying, internal room hire, internal storage and mileage.