

AWARDS EDITION

DECEMBER 2022

# Swift

*The Online Turnaround Times*

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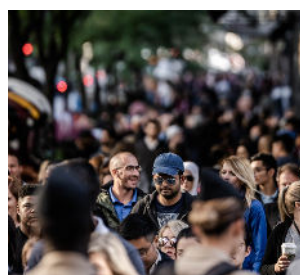
## AWARDS EDITION 2022



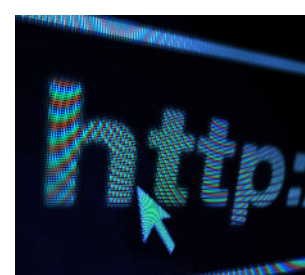
**2022 IFT Award  
Winners**



**IFT Brand  
Engagement**



**Societal Impact  
Report**



**IFT Website Re-  
provision**

# *Swift*

## AWARDS EDITION

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# MESSAGE FROM THE CEO

## **Welcome to our special 2022 Annual Awards edition of Swift.**

It's usually a busy time of year for the IFT - and with an upturn in market activity - there's lots of news to share.

To begin, we had bumper year once again for the **IFT Annual Awards** held at Rosewood London.

You'll find an article from our Chair of Judges, Jo Wright, detailing what made the winners stand out, on page 2. Aspiring 2023 award winners will no doubt be taking notes.

Early in the new year, we will be publishing our **third societal impact report**. This report will focus on productivity, chiming with the national economic agenda, and demonstrating once again the contribution of turnaround excellence in saving jobs and value for the UK. Key findings are detailed on page 20.

On the subject of IFT messaging, we've been working on articulating the regulatory and policy environment required to maximise business rescue and turnaround, as the UK faces a cost of doing business crisis, alongside the cost of living crisis.

It was great to see so many partners and independent members represented across the categories.

As ever, the judges had a very difficult job deciding on the winners, and I'm sure you'll agree there were some fantastic turnaround successes represented.

This includes advocating for a clearer position on directors duties, where well intentioned changes have led to a complicated roadmap for stressed businesses.

Our recent joint event in Birmingham with R3 illustrated the turnaround potential for CIGA tools, and alongside partners we are keen to advocate for the conditions that will enable the use of restructuring plans in the mid-market and SME space.

Heading into 2023, we will be promoting content and advocating to government for these changes.

We've also been working to ensure the **IFT brand** reflects the breadth and variety of work undertaken by IFT members.



Brand specialists Mobas have undertaken an extensive engagement process with independent members, representatives of IFT Next, partners and stakeholders. You can read more about this process on page 22.

Finally, I wish to thank independent members who have already renewed their membership. We'll be writing separately to members who are due to renew, but please don't hesitate to get in contact should you have any enquiries.

Best wishes to you and yours for a happy and healthy Christmas and New Year.

Kind Regards,

Milly Camley  
**IFT CEO**



## The IFT 2022 Awards: Celebrating turnaround excellence

### *Chair of our Awards Judges Panel, IFT Fellow Jo Wright, discusses the tough job the panel had in a standout year of submissions...*

Once again, I was honoured to be Chair of this year's IFT awards ceremony, celebrating the very best of turnaround and transformation at Rosewood London on 24th November 2022.

This year has been another standout year in terms of the quality and volume of submissions, making it particularly challenging for the judging panel. Fortunately, I was supported by a fantastic team of independent judges, together we reviewed and scored all the qualifying entries and compiled a short-list and an overall winner from each category. We each drew upon our expertise and experience to ensure the judging of each individual entry is extensive, robust, fair, and transparent.



Comparing the submissions was particularly hard this year, as businesses continue to recover from the impacts of the pandemic, and at different paces, depending on the specific challenges impacting different sectors in different ways.

The entries sparked considerable debate and discussion, as in some instances there was simply no obvious stand out winner. During the judging sessions, entries were scrutinised closely, ensuring every possible angle was explored before finally settling on the short-listed and ultimate winners.



The judges were looking for well written, evidenced, and structured submissions, clearly documenting the turnaround journey and timeline. It is vital that these are underpinned by strong references and evidence of sustainability for the long-term. We also look for sparks of innovation in the turnaround or restructuring solutions - this really helps make a case stand out. Year on year we see that our industry is committed to working in clever and creative ways to find workable solutions to complex problems.

Interestingly, this year there was a far stronger underlying importance on sustained cultural changes to employee engagement.



## The IFT 2022 Awards: Celebrating turnaround excellence

In addition to this, there was a heightened focus on the importance of ESG both within member firms and also the entities themselves.



The Rising Star category recognises the best young talent in our industry, showing drive and determination at the pre senior management stage of their career. Once again, the hardest category to judge, not only due to the volume but also the outstanding talent and potential of the entrants.

These people are the future of our profession and it's impressive to see their passion, commitment and outright talent. This year's nominations are full of stories of dedication, inspiration and innovation – all traits that will take the nominees far in their careers.



Congratulations to all our IFT winners, and shortlisted entrants this year. The exceptional range and depth of skills represented in this year's submissions shines a light on the outstanding talent and work that goes into delivering turnarounds and transformations.



Finally, I would like to thank everyone who participated in this year's programme and encourage even more entries next year.



*Jo Wright, IFT Fellow, Founder and Director of De Novo Advisory chaired the IFT judging award panel.*

## The IFT 2022 Awards: Celebrating turnaround excellence

# MEET THE JUDGES

**Jo Richardson**  
Associate, Taiga Associates Ltd



**Steve Keating**  
Founder and Managing Partner, Privet Capital



**Steve Benger**  
CEO, Accelerus



**Peter Charles**  
Founder and Managing Director, Peter Charles



**Jo Wright**  
Founder and Managing Director, De Novo Advisory



**Chair**



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**Credebt** are delighted to have supported the IFT Awards again this year and hope that everyone that attended had a great evening. The calibre of nominees and winners this year was truly outstanding and we would like to congratulate all of the winners in 2022.

Credebt is a Corporate Partner of the IFT and over the last 13 years we have worked with many IFT Members, both individuals and Corporate members.

### **A bit more about Credebt:**

Credebt was established in 2009 by myself, Glen Morgan FCICM (Grad), following a successful Senior Corporate Credit Management career spanning 17 years, working mainly for large blue-chip businesses that had significant issues.

During this time, I brought hundreds of millions of pounds into the businesses I worked for. This was done by improving processes, motivating teams, writing policies, and negotiating with customers to ensure that all bottlenecks in cash flow were released and delays to payments were minimised.

As a Chartered Institute of Credit Management Graduate and now also Fellow of the Institute, I believe I bring a wealth and depth of knowledge second to none in all aspects of receivables collection, management, and credit control. I am widely considered an industry expert and have even written the Credit Control syllabus for the Chartered Institute of Credit Management, which all current CICM students in the UK are studying as well as assisting UK Finance to improve their Debt Collection study modules.



*Glenn Hutchinson, Client Relations Director for Credebt, attended the IFT Annual Awards dinner this year*

I have now built a team of experienced and like-minded service-driven Credit experts who deliver exceptional results in challenging circumstances. The whole Team are either CICM or ABFA qualified.

**Working Capital:** With a quick instruction, we review and analyse your client's order to cash process. We use our expertise and experience to make recommendations to reduce bottlenecks and improve internally generated working capital at the critical time it is needed most.

**Turnaround:** We know from experience that no two businesses are the same. We can advise on and help implement new credit policies and collections procedures and drive the changes needed to maximise working capital and improve the chances of a successful turnaround. We also take over Credit Management and collections where required if an underperforming Team or lack of resource is the key driver for poor cashflow.

**Restructuring:** Should a business unfortunately require formal restructuring through an insolvency process, via our early instruction and access to key sites, systems and people, we use the information gained and contingency planning to maximise capital recoveries for key stakeholders.



We have worked with over 1500 businesses since 2009, ranging from £500k to £250 million Turnover and look forward to working with many more.

Our Partnership with the IFT is extremely important to us and we look forward to supporting members for years to come.

Best Wishes and I hope you have a Great Christmas and New Year.



**Glen Morgan  
(FCICM) Grad  
Managing Director, Credebt**

**CREDEBT**  
THE DEBTOR BOOK PROFESSIONALS



## IFT ANNUAL AWARDS: SPOTLIGHT ON THE WINNERS

### Special Situations Debt Provider of the Year



Our first award of the evening, Special Situations Debt Provider of the Year, went to Hilco Capital.

Hilco Capital made very clear to the judges just how hands on they have been when it comes to their work.

In telling their story, Hilco Capital managed to effectively combine the difficult elements of their work with the positive outcomes that have been delivered, in the process demonstrating the strength of their practice and results.



Congratulations again to the winners of our Special Situations Debt Provider of the Year, Hilco Capital.

***Phil Emmerson, Chief Operating Officer at Rcapital discusses the recent success at the award ceremony, their involvement in the mid-market turnaround of the year, Archant, and some advice for others considering entering in the future...***

**Could you briefly introduce yourself and Rcapital please?**

I'm Phil Emmerson, COO at Rcapital. We're a private investor that acquires UK mid-market businesses that are experiencing under-performance, stress or distress. We provide a quick response, flexible and creative approaches to complex transactions, commercial expertise, and hands-on support to transform and grow businesses.

We are very proud of the reputation that we have built over the last 18 years, as the leading turnaround and special situations investor to the UK mid-market. During this period, we have established a strong track-record for transformation and growth.

**Congratulations on your recent success at the ceremony. You were shortlisted four times across three categories and went home with two awards, talk us through your submissions.**

Firstly, we are both humbled and honoured to be recognised amongst this group of impressive finalists, especially given the last two years of phenomenal activity within the restructuring sector. Over the last 12 months, we invested in seven businesses, exited from five, and worked hard to improve and grow what we had – this led to some great success stories that reflect the hard work of our people, operators, management teams and advisers.

Winning 'Special Situations Private Equity Provider' for a second-year running is a huge achievement that we are very proud of, however the recognition for the acquisition, transformation and turnaround for Archant is particularly special.

In addition to our wins, we are proud that Nick Alexander, Chairman of Rcapital portfolio company, Trios Group, won 'Independent Advisor of the Year' and our friends at Blaze Hill Capital were shortlisted for 'Special Situations Debt Provider' after only 18 months of trading - providing £50m of vital capital support, to businesses unable to access facilities from traditional funding sources.



**What made Archant such a successful turnaround?**

Archant is UK's fourth biggest media company founded in Norwich 170 years ago. This publisher operates 140 local, regional, national press, and magazine titles together with a marketing agency servicing over 37,000 commercial customers.

The business had a strong trading history but suffered from declining advertising revenues as the preference for digital news increases globally.

Working closely with the complex stakeholder matrix, which included the Pension Protection Fund (PPF), Rcapital designed a funding option that mitigated insolvency, avoided job losses, protected the majority of creditors from material losses and safeguarded the business.



With the backing of its creditors and the support from new investor, Rcapital, in January 2021 Archant embarked on its most ambitious transformation plan to date under a new leadership team. A stronger and more operationally streamlined Archant emerged from the transformation. Rcapital worked closely with the management team to identify the right future partner and investor for the business.

Newsquest Media Group is the second largest publisher of regional and local newspapers with 205 brands across the UK, publishing online and in print.



The publisher stood out in the process and worked pragmatically to work through and successfully complete this trade sale in March 2022. The turnaround and sale of Archant returned value to its stakeholders including the PPF and crucially, preserved local newspapers and community-based reporting long into the future.

**What would you say to others considering entering the IFT Awards in the future?**

We are huge supporters of the programme and believe it celebrates the very best of the turnaround and transformation industry. The submissions require a real investment of time which reflects the quality expected from the esteemed judging panel. We've found that testimonials and case studies have worked particularly well for us. Most importantly, we think that it has been our ability to demonstrate the long-term impact of our strategies and decisions to create long-term and sustainable value for the businesses we work with. So I would definitely encourage others to participate, plus it's a fantastic event.

**Phil Emmerson** is COO at Rcapital.



### ***Keith Chapman, Non-Executive Chairman at Camvac Limited talks to the IFT about Camvac and taking home the IFT SME Turnaround of the Year award...***

Camvac is a 100 employee strong manufacturing business that metallises and laminates plastic films for packaging, medical, transportation and construction applications. The business is based in Thetford in Norfolk and was founded in 1950. Sales to the EU and the rest of the world account for 60% of output. Camvac was a pioneer in developing the vacuum process used to metallise plastic films. Before the turnaround EBITDA was £1.7 million against a £20 million turnover.

The owner GIL Investments appointed turnaround Chairman and IFT Independent Member Keith Chapman, who in turn appointed Greg Kingham as CEO, Gary Chalkley as Technical Director and Jim Oddie as Operations Director.

The company had a strong reputation for new product development and worked on a wide range of new products for different markets utilising the company's know-how in the fields of metallising and barrier film technology. A fast-track development process was put in place which enabled swift commercialisation of new higher value added products.

**The Development of Environmentally Sustainable Product Ranges:** The NPD team successfully developed a range of environmentally sustainable products which improved the margin mix. These products are used in modified atmosphere food packaging (MAP) and decorative packaging applications.

Some contain 30 per cent post-consumer waste, and some are recyclable and home compostable. Some are metallised and some are clear.



**The Development of Medical Testing:** The NPD team developed new plastic laminates for use in high volume domestic test kits for detection of contagious diseases. Covid-19 detection is one of a wide range of applications. These are higher margin products.

**Development of Specialist Transport Applications:** The NPD team developed new laminated films for use in vacuum insulated panels (VIP), which are incorporated into specialist shipping containers to offer insulation for products which require temperature control such as food, drugs, and chemicals. These products offer high margins.

Along the way the business has had to cope with the impact of Brexit and supply chain issues which followed the Covid-19 pandemic. Sales prices were increased by an average of 32 per cent to offset rapid raw material cost price escalation.

Along the way the business has had to cope with the impact of Brexit and supply chain issues which followed the Covid-19 pandemic. Sales prices were increased by an average of 32% to offset rapid raw material cost price escalation.

Following the turnaround Camvac is a transformed business. Greg Kingham and the management team achieved turnover of £27.6 million in 2021/22 and a positive

EBITDA of £488k. The business is forecast to achieve a turnover in 2022/23 of £32.5 million and a positive EBITDA of £1.2 million.

Although costs have been reduced and operational efficiencies greatly improved the key to the turnaround was the introduction of new, exciting higher margin products, and this aspect makes the turnaround sustainable.

## Large Company Turnaround of the Year



### The winner of the IFT Large Company Turnaround of the Year was SIG plc.

SIG plc is a British-based international supplier of insulation, roofing, commercial interiors and specialist construction products.



The financial information presented to the judges told the story of a truly effective turnaround, underpinned by a transformation that got to the nuts and bolts of the business model, and, notably in which leadership and employee engagement has played a major role.



The judges also took into consideration the cultural shift that has taken place in the organisation over the last 2 - 3 years, demonstrating how this has been a truly transformational journey.

IFT Fellow Steve Francis, CEO of SIG Plc collected the award for this impressive and wide ranging transformation.

Congratulations to the winner of our Large Company of the Year Award, SIG Plc.

### ***Neil Chapman, Managing Director of Hovertravel discusses winning the SME Turnaround of the year...***

Hovertravel was established in 1965 and provides an essential fast service to the Isle of Wight ("IoW") community. The transport link is seen as critical infrastructure to access the Isle of Wight for its 140,000 inhabitants.

Two new and more efficient hovercraft were acquired in 2016 and funded by Barclays resulting in cost savings and efficiencies. The majority of trade pre-pandemic was passenger traffic.

Upon the announcement of the first National Covid lockdown; applicable to both private and commercial craft were under pressure to maintain services. As a result, the Isle of Wight population risked becoming further isolated from essential services including critical medical care on the mainland.

Preventing the majority of passengers travelling caused an immediate reduction in revenues for Hovertravel and management were faced with a clear choice:

- To mothball operations and look to survive by way of Government support schemes, or
- To remain in operation, providing they could ensure safe conditions for staff and travellers, whilst diversifying into new areas, better serving the IoW community and meeting its needs – albeit this would be a more painful path.



Hovertravel management worked with Department for Transport ("DfT"), IoW Transport Infrastructure Board, as well as their MP and were successful in gaining agreement to operate an emergency timetable such that they remained in service between the Isle of Wight and mainland.



Stakeholder management was key, including unions (RMT), DfT, IoW Transport Infrastructure Board, Local Authorities, Hovertravel's banking team at Barclays and Hovertravel staff, to ensure successful delivery and ensuring a viable business post pandemic.

The Ambulance Service was under immense strain at this time and the helicopter service prohibitively expensive. Management realised that they could provide a fast and cost efficient service to people needing critical treatment not available on the IoW.



Management of Hovertravel worked with NHS and agreed two contracts:

1. To take critically ill Cardiac, non-Covid, patients to the mainland; travel time 8 minutes and at a third of the helicopter cost.

2. To provide a stretcher service, which involved working with the NHS / Health and Safety, to adapt their craft so that patients could be transported safely.

Additionally, personnel were carried to support the local NHS Trust, in helping to build extra hospital wards, and contracts were secured for emergency Fire personnel, PPE, blood, organs, freight and even on-line shopping to be carried.

Many of these have remained and even increased post lockdown.



Hovertravel Management took the key decision to change and adapt to lockdown which, whilst more challenging than the alternatives, was clearly the right choice for the IoW community.

Clearly this was not without risks that could have been detrimental to the ongoing viability of the business, which is a commercial operation.



Financial performance, post recovery, now outperforms that of pre-distress, as the diversified income streams developed to replace lost passenger volumes during the pandemic have largely remained.

Hovertravel is now viewed as a critical life-line operator by the Emergency Services, local authorities and DfT.

As a result of management's hard work, they were awarded "Best Passenger Transport Provider 2020" by the Chartered Institute of Logistics and Transport. More importantly, Hovertravel have been given a vote of confidence by the Island residents who have come to rely on the service they provide and have appreciated the way they served them as a community during what was a difficult period.

This included receiving 'Community Recognition' from Ryde Town Council and Freedom of the City from Portsmouth Lord Mayor. Now they can add the IFT award to their trophy collection!

**Neil Chapman** is Managing Director of Hovertravel, flying passengers on the world's only commercial hovercraft service.

## Turnaround Adviser of the Year

***PwC picked up the prestigious Turnaround Adviser of the Year Award. Here, PwC's Restructuring and Forensics Division talk to the IFT about the current challenges facing UK plc...***

**After a sustained period of government protection and support, businesses at home and abroad are making every effort to withstand a financial climate which is proving just as challenging as the wintry conditions currently besetting the UK.**

Although the restructuring market has been fairly quiet over the last 12-18 months, we are seeing restructuring activity start to pick up now - but still well below the levels we all anticipate to come.

Consequently to avoid insolvency, the use of restructurings outside of a formal insolvency process is on many corporate's radars and should be factored into any robust contingency planning efforts. M&A options, cost reduction programmes, working capital re-optimisation alongside cash improvement and liquidity management will be key.

In light of the volatility and uncertainty in the current macro environment, for many businesses the need for visibility, planning and control over short and medium term cash will be paramount to prevent real cash crises from crystallising at lightning-speed.

When the situation requires more stringent measures, the use of Restructuring Plans, alongside other mechanisms may increase as directors seek to restructure their heavily indebted balance sheets.



### **Turnaround experts - an opportunity to shine**

The turnaround and restructuring profession will be front and centre as contingency plans are developed and executed in a bid to ensure survival.

At PwC, our experts are working alongside clients in a range of sectors. The retail, hospitality and construction industries are particularly feeling the strain.

The decline in consumer sentiment coupled with high costs of raw materials, energy and labour will prove hugely challenging for businesses in these sectors going forward. It will be vital that firms consider refinancing and restructuring in order to put themselves in the best position to offset external pressures.

PwC's recent analysis of November's winding up petitions reflect the uptick in pressures being faced by businesses and the hardening stance of creditors.

Last month there were 474 petitions in total - almost four times as many as November 2021 where there were only 120. In the first 11 months of 2022 we have already seen 2,990 - a stark contrast to 2021 where there were 825 for the entire year.

While the outlook seems gloomy it's important to remember that many businesses have shown extraordinary resilience over the past few years and, as such, have already been preparing themselves for a very difficult winter period and beyond.

Those early consultations with key stakeholders including lenders, suppliers, landlords and HMRC will be vitally important.

Businesses must act now to preserve cash, assess their financial position and ensure that they have a clear view of their forecasts as we continue to navigate choppy waters.

In conclusion, the current macro headwinds will impact businesses across most sectors going forward. Companies may need to restructure quickly, and companies and their stakeholders will need to address a combination of liquidity, balance sheet and operational challenges.

By developing a turnaround and restructuring mindset early companies can increase opportunities for recovery and build a stable base for future growth.





**Gateley Legal's restructuring team was the winner in a keenly contested Legal Adviser of the Year category.**

Gateley Legal's restructuring advisory team received recognition from the Institute for Turnaround (IFT) by triumphing in the Legal Advisers of the Year category at the recent 2022 awards ceremony.

Andrew Buchanan, partner and head of restructuring advisory for Gateley Legal, said: *"We are absolutely delighted to receive this award. This is fantastic news for our team, who have all contributed and had an important part to play. It is a great endorsement of the quality of our work in helping businesses in distress to turn their fortunes around and return to prosperity."*

Gateley was recognised for its work on a range of high-profile transactions for organisations working in varied markets, including those in the automotive sector, logistics, construction, and commercial and residential property, to name but a few.

Andrew added: *"Receiving this accolade from the IFT was a great way to end the year for our team and we look forward to building upon this success as we head into 2023."*

As the first law firm to list on AIM, the London Stock Exchange's growth market, Gateley now employs more than 1,400 people. It supports more than 5,700 clients, from FTSE 100 companies to private individuals, in the UK and beyond. Its client base is strong and loyal with 96% of its clients regularly recommending its services.

Gateley's legal and consultancy services are split across four platforms: corporate, business services, people and property. It prides itself on being a forward-thinking organisation and aims to help its clients solve the challenges they face while maximising opportunities.



As a listed business, delivering results is vital. However, for Gateley, results are not just about financials, it is about meeting its purpose of delivering results that delight clients, inspire people, while supporting communities. Gateley's responsible business activities focus on the wellbeing of employees, on being a force for good in society, and playing an active part in protecting and repairing the planet. It inspires its people by adopting a culture built around a 'one-team' approach – the 'Gateley Team Spirit'.

Its strong training and development programme features a range of initiatives, including menopause training, leadership development, partner transition, junior/senior mentoring, and women in leadership.

Gateley's latest Responsible Business Report, 'Delivering with Purpose', was released in December 2022 and highlights the progress that has been made, while outlining its plans and objectives for the year ahead.

## Independent Adviser of the Year: Nick Alexander

***IFT Independent Adviser of the Year winner Nick Alexander talks to the IFT about his career journey and the value of the IFT Academy...***

It's a privilege to be awarded the IFT Independent Turnaround Adviser of the Year.

It's a special award, however, this is much more for the management teams, employees, advisors, equity providers and lenders I've had the pleasure of working with over the years.

I entered the world of turnaround via a less trodden path, having not spent time in one of the large advisory firms. While this gave me a unique perspective, it was also significant personal investment with an uncertain benefit.

Therefore, ***the opportunity to meet and network with other turnaround professionals at the IFT Academy stands out as a pivotal moment in my career.***

It made me realise there were things missing, granted me a new lexicon that I wasn't familiar with and gave me a network that was different from before.



Even to this day, many of us still keep in touch with each other.

Working in turnaround is often very intense, and this is definitely a demanding job that requires a lot of stamina.

It is also one of the best jobs to do, and incredibly rewarding - but to do it right, you have to be all in.

Congratulations to our IFT Independent Adviser of the Year - Nick Alexander.







## Rising Star 2022



### Our Rising Star of 2022 went to Peter Brown of FTI Consulting.

As the judges remarked, it was once again the hardest category to judge, not only due to the volume but also the outstanding talent and potential of the entrants.

All of the panel agreed, however, that this person's contribution to the turnaround marketplace was very significant and goes above and beyond their day job, demonstrating a real focus on collaboration and desire to show the positive role the restructuring profession can make.



The work delivered by Peter whilst on secondment at UKGI was particularly compelling, joining in July 2021 and spending 9 months working on a variety of projects including the response to several urgent and dynamic situations.



***Peter Brown's contribution while on secondment at UKGI was particularly noted by the judging panel. Frances Collier-Wright, Marketing and Communications Manager explains more about the opportunities offered at UKGI...***

UK Government Investments (UKGI) creates value for society from government's most complex commercial interests. Combining the best of public and private sector expertise, we are government's centre of excellence for corporate governance and corporate finance. Secondees joining UKGI across all our areas of specialism have the chance to work with senior-level public and private sector officials and Ministers on a diverse portfolio of projects, and return to their sponsor organisation with new knowledge, skills and understanding, as well as a broader network.



UKGI's Special Situations Group has hosted 14 secondees since establishing its secondment programme in 2017 which provides talented individuals with an opportunity to develop their career through first-hand experience working in a fast-paced political environment.

The Special Situations Group provides expert and practical advice to support effective responses by government to financially stressed corporate situations, as an active trusted advisor to stakeholders across government.



The team is made up of corporate restructuring practitioners, including qualified insolvency practitioners, experienced restructuring bankers, lawyers, and civil servants. The team helps government departments to understand the signs of financial stress and distress, and the implications of these for government.

We support government departments to contingency plan for company and sector-wide failures and we advise government departments when they are considering intervention in the private sector to further policy objectives.

We act as a bridge between the private and public sectors, applying deep understanding of the objectives and workings of both.

Secondees to the Special Situations Group play a key role in the team's work by providing crucial advice and support to government departments to ensure taxpayers' money is protected.

Through this work they gain a better understanding of the workings of government and the Civil Service.



Employers also benefit from the diverse learning and development opportunities taken up by secondees that they would not have access to in their home organisation.

This can include mentoring during the programme from a senior leader with extensive expertise in finance and governance, broadening their understanding of the different areas that UKGI specialises in.

Peter joined the programme in July 2021 and spent 9 months working on a variety of projects including our response to several urgent and dynamic situations where his contribution was front and centre of these cases.

This included working to address pressures facing the Energy sector, challenges from financial distress of a key IT provider and grant funding issues for an ALB.



Peter also played a key role monitoring the Covid Corporate Financing Facility (CCFF), which approved over £85bn of borrowing limits, ultimately providing almost £38 billion of support to more than 100 of the UK's biggest employers and which was fully repaid on time.

***His insights and experience from his role at FTI Consulting were invaluable to the various teams across Whitehall and, in turn, he was able to gain first-hand experience of the inner workings of government.***

***We are delighted Peter has been recognised with this award which is richly deserved.***

*The IFT is grateful to Frances Collier-Wright, Marketing & Communications Manager at UKGI for providing these words.*



## IFT Academy

The final module for our 2022 Academy cohort took place last month in London and the cohort celebrated their completion with a 'graduation ceremony'.



Module 1 of the Academy 2023 is taking place on 23-24th January in London, focussing on The Turnaround Platform – Business, Learning and Leadership. We continue to receive interest and are confirming numbers, with limited places. This year we are keeping the corporate partner fee at 50 percent of the non CP fee.

We will be running an Academy Reunion event for all participants that have attended over the years, which will take place in London on 2nd March. This will be a great opportunity for cohorts, programme leads and speakers to catch up and network over nibbles.

We will be collating information on participants and creating a 'Year Book' to showcase what people have been working on since graduating and to speak about their favourite parts of the programme.

If you are an Academy alumnus, get in touch to secure your place in the (10) yearbook, and at the event.

## IFT Societal Impact Report

We are due to publish our Societal Impact Report in January. The report looks at the wide contribution of IFT members to the economy and society at large. Key findings show:

- IFT Independent Members saved in excess of 80,000 jobs in 2021
- IFT Independent Members and Partners saved nearly £6bn in shareholder value in the same period
- Industries showing the highest degree of distress 2021-22 were manufacturing, construction and tech



## IFT Next: Transform 2050

Building on a benchmarked analysis of the Traits, Skills and Drivers of Turnaround Leaders we conducted in conjunction with Korn Ferry last year, we are working with partner T3 to focus on what skills turnaround leaders of tomorrow will need, and what will be required to deal with the changing trends.

This project will focus on the IFT Next Community in Q1.



## IFT FELLOWS

*We are delighted to welcome Antonia Silvestri, Colin Wray and Julian Cooper as new IFT fellows...*



Antonia has spent more than 10 years of her professional career working on turnaround assignments, in her advisory role as head of

Corporate Turnaround at TLT. Antonia has spent 10+ years of her professional career working on turnaround assignments, in her advisory role as head of Corporate Turnaround at TLT. Antonia has been a passionate advocate of IFT in the South-West community and nationally, taking on the role of looking after the membership and the pipeline within the W&W regional committee, introducing a number of turnaround executives to the IFT and more recently being the IFT member on the IFT fellows committee.



Julian's entire career has been spent exclusively dealing with distressed businesses, in various roles. He has worked in the restructuring arena

since 1985. Julian served on the fellows committee for three years and as been an active member of the IFT participating at events, annual conferences and awards dinners.



Colin started his turnaround career some 35 years ago, when he was approached to join a private team, looking to acquire a cargo airline

which was in major financial difficulties. During Colin's now over 20 years of membership, he has sought to contribute positively to the development of the IFT in numerous ways, and recently wrote an article for Swift.

We are delighted to announce that Ian Parker was recently elected by the Fellows Committee as the new Chair, taking over from Keith Bordell. Ian is an active and well-respected fellow with a particular specialism in operational turnaround. He joined the Institute as a member in 2010 and has played a key role in the Midlands region as well as nationally through the auspices of the Fellows and the IFT events and engagement programme.

There will also be a number of other changes to the committee. Alongside Keith stepping down, another fellow member of the committee, Tony King, also stood down. Antonia Silvestri and Julian Cooper have recently been accredited as fellows and as a consequence are no longer eligible to hold member positions on the committee.

*We would like to express our gratitude to Keith, Tony, Antonia and Julian who have each made very significant contributions to turnaround and to the IFT. Elections for member and fellow places on the fellows committee will resume in January and if you are interested in being nominated, please contact the Executive Team.*

***We've recently appointed Mobas, brand specialists to help ensure the IFT Brand reflects the breadth and variety of work conducted by IFT members...***

This has involved an extensive engagement process to ensure all members, partners and stakeholders have had the opportunity to input into the development of our brand at a crucial period for UK businesses.

## Discovery

A series of interviews with a range of independent members, corporate partners, stakeholders and members of IFT Next were organised with Mobas.

The purpose of these discussions was to explore how the current brand is being delivered, different perceptions of the brand and its place in the marketplace - to ensure the brand reflects the wide variety of work undertaken by IFT members and partners. Many of these interviews have taken place



***...and we are very grateful to those who have given time to impart their insights in the interviews with the brand agency.***

## Define

We will then work with the Board to:

- Consider research findings from the Discovery stage
- Define our brand objectives
- Consider our future brand

By the end of the workshop, Mobas will have the tools needed to develop and deploy all of the elements required to create a go-forward brand proposition.

Many thanks to the members, partners and stakeholders who are helping to shape our brand, and please get in touch if you would like to share your thoughts.

## IFT Website

To run parallel with the work on the brand, we are working to refresh the IFT website, which will include:

- Automated renewal process, including the option to set up a continuous payment authority
- Member directory with search functionality
- Member login and member access area
- Greater emphasis on thought leadership

## MEMBER OFFERS & INFORMATION



***Special offer for IFT members - The Federation of Small Businesses (FSB) is offering a £30 discount in association with The IFT by using the discount code IFT30...***

A number of IFT Members work with Small businesses across the UK. We have worked closely with the FSB in recent years in sharing information with their members on the value of turnaround, so we are please to share a special FSB membership offer.

Running your own business is rewarding, but you don't have to face the challenges alone. With FSB by your side, you'll have all the support and protection you need to run and grow your business. As the leading voice of small businesses and the self-employed in the UK, FSB is trusted by over 150,000 business owners.

Since 1974, FSB has been influencing key decisions in Government and delivering real change on the issues that matter most.

FSB membership unlocks market-leading business services, tools and expertise designed to help your business succeed, including:

- 24/7 legal and employment advice
- An online library of over 1,400 legal documents and templates
- Tax investigation and legal expenses insurance
- Financial expertise
- Debt recovery support
- Dree business banking (subject to status)
- Local support and networking opportunities
- ...And so much more!

**Protect the businesses you work with for less today. Save £30 when you join FSB using code IFT30.**

**Join online now**  
**or call 0808 168 4629.**

*\*Terms apply: This promotion is provided by the Federation of Small Businesses (FSB). \*FSB Business Essentials Membership starts from £147 per annum with a £30 registration fee for the first year. This rate is applicable to businesses with zero employees. Rates increase depending on your number of employees. Please see the website for full details of subscription rate bands. Until 5.00 pm on the 31/12/2023 the £30 registration fee will be waived for all new full Business Essentials members joining and quoting the code IFT30. Code must be quoted during the joining process. The offer is not available to existing FSB members and associate members. To find out how FSB uses your data and takes steps to protect your privacy, please visit [www.fsb.org.uk/privacy](http://www.fsb.org.uk/privacy). Registered Office: National Federation of Self Employed and Small Businesses Limited, Sir Frank Whittle Way, Blackpool Business Park, Blackpool, FY4 2FE. Registered in England No. 1263540.*





***Recent joint hosts of an IFT webinar focussing on the convergence of turnaround and angel investing - Angel Academe, are running a special offer on membership...***

As a member of Angel Academe, you'll be part of a majority-female community of experienced angel investors with a unique ethos of collaboration and rigour in deal screening and selection, due diligence on investment opportunities and support of founders after investment.

As well as invitations to our carefully curated pitch events and Investor Academe sessions, members will also have access to:

- Member-only events, discussions and WhatsApp group
- Advisory, networking and speaking opportunities
- Deal screening committee
- 1 hour free tax consultation with Mark Pattenden of haysmacintyre per year
- 1 hour free legal consultation with Roberta Draper or Emer Hughes of Kingsley Napley per year
- 1 hour free and confidential financial plan consultation with Hannah Goody from Investec Wealth per year
- 1 hour free mentoring session with an experienced angel investor per year
- 20% discount on Seep eco-friendly cleaning products. Please use the code: **SEEPCREW**

Individual Membership is £600pa and Couple Membership is £800pa, both inclusive of VAT. Membership runs from January to December. To start your membership, please email [michelle@angelacademe.com](mailto:michelle@angelacademe.com) and she'll send you a VAT invoice with payment details.

**The Angel Academe Impact in 2022**

**Increasing female investment**

This year we completed investment in our 45th female founded startup, an important milestone and we were proud to join the ranks of Beauhurst's most active UK angel networks, the only diverse and diversity-focussed network on their list. Since our first investment in 2014, we've participated in more than 70 funding rounds. The portfolio has grown steadily in valuation, raised over £100m in investment from both angels and VCs, generated many £millions in revenues, delivered considerable social impact and employs getting on for 1,000 people, many of them women, in high quality jobs.

**Supporting female founders**

From the many 100s of online applications we received from female founders, we held screening calls with 106 of them and then gave each individual feedback.



12 founders went forward to pitch to the network and 7 businesses have received investment from us so far, with several opportunities still in diligence.

We've invested in health tech, fintech, enterprise tech, ad tech and clean tech this year.

### **Investor education & networking**

As well as supporting female founders, networking and becoming even better investors is also important to us.

We ran 11 Investor Academe webinars on themes from fin tech to med tech to impact investing, from EIS and EMI, to our regular look at macroeconomic trends as well as our in-person angel investor workshop.

Finally, we hosted and co-hosted several in-person events for members including 3 summer lunches, a roof-top BBQ, private views and networking drinks events.

## **INSOLVENCY SERVICE CONSULTATION : INFORMATION FOR DIRECTORS**



***We've been working with the Insolvency Service to shape plans to provide pre-insolvency information to directors of small businesses....***

As part of their 5-year strategy, the Insolvency Service is committed to help company directors spot the signs of financial distress and provide the right tools to help them prevent avoidable insolvencies.

IFT CEO Milly Camley has been working with The Insolvency Service around reaching out to directors of micro and small businesses to understand what they know about their duties and what tools could help them continuing to trade.

**The Insolvency Service also wants to hear from advisors who help businesses in the pre-insolvency and insolvency stages about what they think can help businesses continue trading.**



There are two surveys - the Insolvency Service is looking for as many people to participate, while also sharing with their networks:

- [Survey for directors of micro and small businesses](#)
- [Survey for advisors of micro and small businesses](#)

# IFT EVENT CALENDAR

## UPCOMING EVENTS

*Member meetings and webinars are included in memberships and corporate partnerships and a separate IFT Next events bulletin is sent to members of the IFT Next programme*

### **Managing Pensions Risk in a Challenging Environment**

Webinar with Cardano Advisory

31st January 08:30 - 09:30

### **Retail Update Webinar**

Panel Webinar with Rebecca Leaser (Teneo), Lee Causer (BDO), Lizzy Wood (Shoosmiths) and Gavin George (Alteri Investors)

17th January 08:00 - 09:00

*Please email [info@the-ift.com](mailto:info@the-ift.com) to register your interest*

## 2023 CONFERENCES

**We will be hosting three conferences throughout the year:**

**IFT North Conference** - 16th March, in Leeds

**IFT Midlands Conference** - 20th April, in Birmingham

**National Conference** - September, in London



*FTI kindly hosted the IFT's first event on Diversity in the Workplace, in association with the IFT's Women in Turnaround (WiT) Network. Kelly Jones, WiT lead, has the details...*



On 3rd Oct, FTI hosted the IFT's first event on Diversity in the Workplace. This event was sponsored in association with the IFT's Women in Turnaround (WiT) Network. The event attracted an engaged audience of IFT members, associates and members of partner firms.

It featured a panel discussion which was chaired by Kelly Jones of Kingsgate, joined by:

- Parmesh Rajani (PR) – Head of Transfer Pricing, Kingfisher plc
- Kirsty Christie (KC) – Corporate Citizenship, FTI Consulting
- Lorraine Langham (LL) – CEO, Future First

To start off the event, Kelly highlighted the significant body of evidence showing that diverse and inclusive companies not only have diversity of thought, but they make better, bolder decisions - critical factor when acting in the crisis.

Diverse teams are also more innovative and anticipate shifts in customer needs, which mean they companies gain a competitive edge and outperform less diverse peer companies in terms of profitability.

Kirsty Christie of FTI Consulting lead off the discussion by sharing some of the interventions FTI are making in this area, not only to make a positive contribution in schools, but also to create a pipeline to internships, apprenticeships. FTI's "Experts with Impact" programme aims to support schools in equipping our future leaders of the turnaround community, and does work aimed at improving financial literacy, which was born out of the 2008 Financial Crisis.

Lorraine Langham, CEO of Future First, shared that most young people from poorer backgrounds face additional barriers when understanding what job opportunities are available to them, as they lack role models.

Half of the poorest young people don't know anyone in a job they would want to do. And for many, the only person they know who has a degree is their teacher. Sadly only 4% teachers feel equipped to talk about careers.



Simple and cost-effective interventions can make a real and meaningful difference in this area. For example, career mentors are particularly powerful when helping a disadvantaged young person to ask questions and get advice.

Parmesh then shared Kingfisher's first-hand experience and successes which demonstrate what can be achieved in areas of the workplace that have traditionally been lagging behind in terms of diversity. Creating a culture where people feel safe to speak and really listen to what your staff have to say, and having genuine and authentic senior stakeholder buy-in is crucial. Kingfisher also encourage suppliers to be inclusive by having diversity specific objectives on tender documents. And since Kingfisher make billions of pounds of purchases every year this makes real impact.

Dave Morris summed up the event with take-aways for IFT members, raising key points directly relevant for the restructuring community. He warned that companies that are not making steps to address diversity risk losing competitive advantage, which is not only relevant for clients and talent but for the firm's survival. He advocates senior engagement, creating a sense of urgency, and preparing to for greater transparency in terms of reporting.

**Kelly Jones** is Managing Director at Kingsgate and WiT lead

## INCLUSIVE LEADERSHIP WEBINAR



The IFT's Women in Turnaround (WIT) network continues to gather pace with its latest event. Last month WIT sponsored a webinar on 'Inclusive Leadership', held in conjunction with t-three (a subsidiary of Gateley). The event was an open event, welcoming anyone in the turnaround, transformation and restructuring community.

The session was chaired by Kate Forrest of t-three who gave a short-presentation sharing the benefits that an inclusive leadership style can bring during a turnaround and how it contributes to improved outcomes. This was followed by a panel discussion with two turnaround directors sharing real-life examples of how to put Inclusive Leadership into practice.



**Lucy Corner**  
IFT Independent  
Member

Lucy Corner of Cornerstone Care and Kelly Jones of Kingsgate shared stories and learning they have gained from taking pragmatic action to demonstrate this leadership style to support their teams and clients.

**Kelly Jones** is Managing Director at Kingsgate and WiT lead



***Fiscale talk to the IFT about the value of R&D Tax Credits...*****Fiscale**

Imagine! Your client turns over £250k and gets a £35k refund on their Corporation Tax. It hits the bottom line free of tax, after expenses.

Or this! Your client turns over £150 million. A larger proportion of their annual profits is gained from a Corporation Tax refund than from their core business activity.

**What?** Research and Development Tax Credits.

**How?** Talk to Fiscale, specialist R&D Tax Credit advisors.

**When?** Call us direct or meet us at future IFT conferences.

R&D Tax Credits were introduced in 2000. The objective was to incentivise Incorporated businesses to invest in R&D to achieve economic growth and improved employment. A good message for today, although the Autumn Statement heralded changes in the Legislation from April 2023.

The incentive had steadily increased since 2000 when R&D Tax Credits were first introduced. Now, it is apparent that the Government want to move towards an equalisation of the Small and Medium Enterprise (SME) and Research and Development Expenditure Credit (RDEC) schemes.

In a few words:

**SME**

- Current position: additional deduction at 130% and losses surrendered at 14.5%.
- From 1 April 2023: additional deduction at 86% and losses surrendered at 10%.
- For profitable companies net benefit decreased from 24.7% of Qualifying Expenditure (QE) to 16.34% to 22.79% of QE depending on marginal rate of tax.
- For loss making companies net benefit decreased from maximum of 33.35% of QE to maximum of 18.6% of QE.

**RDEC**

- Current position: RDEC grant at 13% QE but taxed at 19%.
- From 1 April 2023: RDEC grant at 20% of QE but taxed at 25%.
- Net benefit increased from 10.53% of QE to 15% of QE.



The opportunity arising from the Autumn Statement for many SMEs is one of timing. Only expenditure incurred after April 2023 will be subject to the lower SME rate, but the Legislation allows us to present claims for the current Financial Period and the two earlier Financial Periods.

***This means that many of your clients not claiming R&D Tax Credits can go back to expenditure incurred since April 2020. If claims have been submitted, they can be reviewed back to this date.***

For you, it provides a safe route to another aspect of Corporation Tax relief, safe in the knowledge that Fiscale has specialist expertise to offer your client and we have the risk.

Your client may receive the tax benefit as a cash refund, most likely if the client has previously overpaid Corporation Tax.

If your client is not currently making profits, the tax benefit can still be cashed at a lower percentage. R&D Tax Credits can also be used to settle existing liabilities to HMRC.



Fiscale works on a no-win-no-fee basis, which places the risk with us. Our clients work in diverse sectors and we are experienced at the 'deep-dive' necessary to identify qualifying expenditure (QE).

Our team of Chartered Tax Advisors, qualified accountants and tax professionals will assess where R&D exists in your clients' business. Our custom-built software tracks progress of every claim.

**Our personalised report to HMRC explains where your client improved the product or service and where they faced technological and scientific uncertainty. This is our bread and butter and ensures full disclosure to HMRC. R&D Tax Credits is all that we do, we are not in competition with you to undertake audit work, general tax advice, PAYE or VAT.**

We are specialists in a field of Corporation Tax that has undergone significant change. Best practice is different now and you will want to give your clients the best possible chance of making a successful claim. We prepare the CT600, but it can be submitted either by us or by you on behalf of your client.

**Get the best advice for your client. Call us on 01440 708333 or email at [steve.elsom@fiscale.com](mailto:steve.elsom@fiscale.com)**






*Mathew Griffffin, Managing Director, Assured Hotels talks to the IFT about the challenges facing the sector..*

## Pent up challenges...

The UK hospitality industry has weathered the pandemic years well, and despite the forecasted media doom a steady diet of central support and peaks in demand have left the majority in fairly good order. That said the economic climate upon us now will present very different challenges, where clearly businesses will have to fend for themselves much more than during the pandemic years.

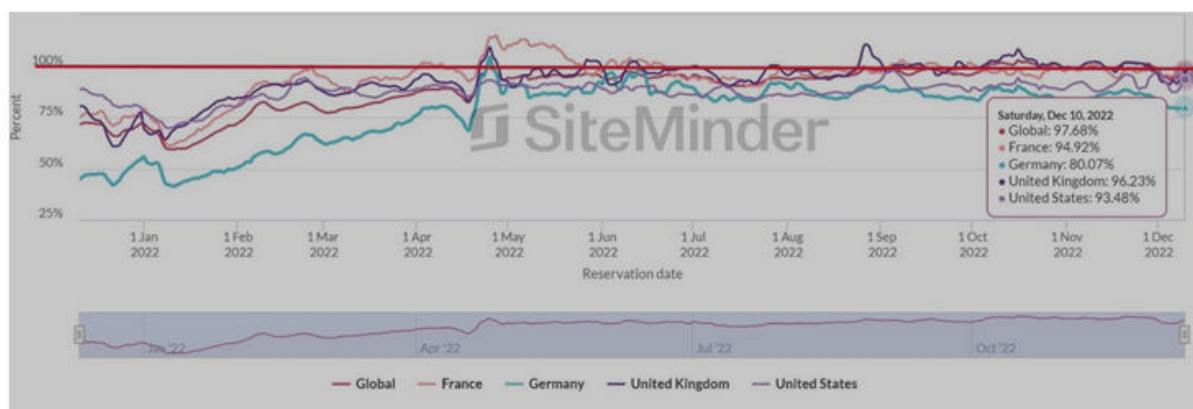
Rising costs and overheads, together with labour shortages causing salary increases on top of lockdown legacy issues not addressed, are all putting unprecedented pressure on margins and cash flow.

## Strong Recovery in 2022

Assured Hotels have continued to offer insight and how to guides in a series of blogs on our website. We have championed solutions and support, either interpreting central Government initiatives, or from our own skill set and resources or our partner networks.

Hotel demand in the UK grew back quickly to pre-pandemic levels since the start of 2022, with RevPAR generally better than 2019. Rooms revenue would therefore suggest that hotel performance and length of recovery in general has been nowhere near as bad as was forecasted.

**Booking Momentum** - table below compares daily booking made as a % of 2019 (red line), looking at the UK against the Global consolidated figure and selected developed economies.



### Observations to the 10<sup>th</sup> Dec include:

Governments change to advice in early 2022, UK overtook and stayed ahead of the Global pace.

Bounce in May, pent up demand but flat over the summer – reverse of prior years' seasonal growth.

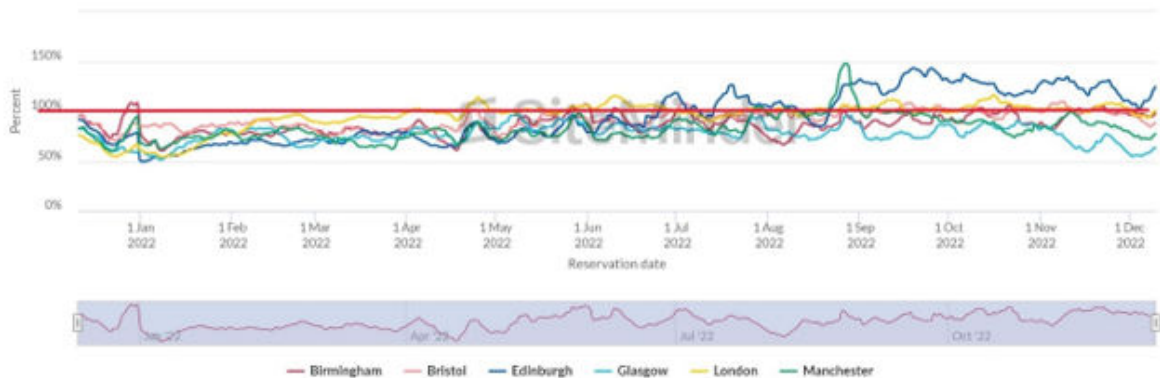
Better bounce to Germany, and now performing better than France & US overall.

Definite softening to demand in the past two weeks with the UK below 2019 for the first sustained period in 2022.

Additionally, this is a very broad national view and regionally we can pick our market and behavioural trends to show the winners and losers with a more granular analysis.



**Booking Momentum, regional discrepancies** - table below compares daily booking made as a % of 2019 (red line), looking at selected cities across the UK.



Saturday, Dec 10, 2022

- Birmingham: 98.5%
- Bristol: 88.11%
- Edinburgh: 124.85%
- Glasgow: 63.16%
- London: 101.03%
- Manchester: 77.44%

#### Observations include:

International destinations like Edinburgh & London continue to perform well, driven by pent up overseas demand.

Over 30% of all UK hotels booked since April from overseas markets, traditionally under 15% (2020 under 10%).

Business reliant cities down on 2019, could be due to WFH and other behaviours, or indicator of permanent drop in business mix. This regression has compounded across all markets over the past two weeks.

Leisure particularly coastal destinations had an indifferent summer, particularly when compared to strong staycation benefits in 2020/ 21.

Demand causing concern to both revenues and margins - double edge of cost-of-living pressures, hitting not only margins but also discretionary leisure spend.

### Signs of distress, what to look for

The sector was beginning to slide in 2019 before the subsequent disruption, and directors and their management teams have spent the last almost three years in survival mode. There hasn't been any real creditor pressure and certainly funders have taken a back seat on loan covenants.

The lack of any checks and balance has created a disconnect between interested parties, which we believe is a dangerous combination moving into the winter.



Red flags and significant risks could therefore include:

- Management teams slow or reluctant to update forecasts and monthly MI.
- Forecasts overstated & not met, don't include cash flows.
- Lack of credible MI – demand/competitor analysis, pricing & distribution strategy doesn't reflect the current crises.
- Lack of market penetration – leisure markets have been best performers, an over reliance if consumer spend contracts would be dangerous.
- Mid-market 3 and lower 4 star, shrinking market share, squeezed out on rate by premium and limited-service hotels.
- Location & competition – pricing needs to cover inflationary pressure.
- Unbranded owner/ operators exposed, new build pipeline.
- Cash running out – pandemic has created a handout culture.

Hotels are normally among the first to see effects of a recession, the “canary in the mine”, so timely action should be taken in response to these risk factors.

## Help is at hand

Founded in 2008, Assured Hotels is a UK based hotel management company that offers specialist support to hotel owners and stakeholders, in both Hotel Advisory and Asset Management capacities. We have been engaged in hotel turnaround and restructuring, and in the acquisition or disposal of hotels on behalf of our clients.

## Assured Hotels

Offer specialist support to hotel owners and stakeholders, especially in Hotel Advisory and Asset Management capacities.

We have been engaged in turnaround and restructuring projects, trading insolvent businesses and in the acquisition or disposal of hotels on behalf of investors.



We maintain impartiality and independence free of any fixed portfolio, offering support services across all disciplines. This includes sales and revenue growth, marketing, finance and reporting, procurement, and compliance. Our flexible contracting ensures affordability, with additionally an emphasis on the development of the hotel's senior management team. We believe this creates better returns for investors and stakeholders.

For a no obligation review, free of any charges, please get in touch quoting “digital11”

email [info@assuredhotels.co.uk](mailto:info@assuredhotels.co.uk) or call 0203 916 5658.



# MANAGING PENSION STAKEHOLDERS IN A DOWNTURN

*Nick Agius, Director at Cardano Advisory discusses the importance of engaging pension stakeholders in turbulent times...*



With the end of the most recent M&A (mergers and acquisitions) boom and the increasingly challenging macroeconomic and geopolitical climate, focus is turning towards the other end of the corporate spectrum - distress. Buffeted by supply chain disruptions, higher costs (and, increasingly, reduced financing availability), increasing costs of capital and soaring inflation, some sponsors will inevitably be beginning to feel the heat.

Sponsors need strong management teams to execute turnarounds. This isn't just about how to manage cash, obtain new financing and implement a strategic turnaround plan - that's the easy bit. The hard bit is to sell the plan to stakeholders; obtain their buy in; support and bring them along the journey to be part of the turnaround plan.

In such situations, sponsors will need to call on all their stakeholders both to provide support and to manage their relationship at an early stage of stress. Different stakeholders have different needs and objectives and it's important to understand the perspective of each stakeholder before making any requests of them.

Defined benefit (DB) schemes are in most cases one of the largest creditors in a capital structure and, with the increased requirements of The Pension Schemes Act 2021 (PSA21) now in force, managing the pension scheme can sometimes make or break a turnaround.

There are some basic principles that if you get right can provide tangible benefit to a turnaround plan.



## 1. Bring the stakeholder along the journey

Communicate with the scheme, treat the scheme like a bank (information share in the same way). Communicate early, provide sufficient information to allow them to make decisions and make sure they are adequately advised.

## 2. Understand their viewpoint

Understand the situation from the perspective of the scheme. Challenge your own plans in the same way the scheme would in order to make sure they pass the scrutiny the trustees would put them through. This will be a time saver in the long run and it will help to plan for what protections the trustees are likely to ask for.



### 3. Assess the impact on the scheme

The key test is to assess how any corporate action could impact the employer covenant of the scheme. Part of this is to understand the scheme's funding level and strategy and how reliant it is on the covenant. For instance, when thinking about solutions that could separate the scheme from the sponsor, understanding the implications for its journey plan and the roles and views of regulatory bodies (including the Pension Protection Fund or unilaterally demand deficit reduction contributions) should be front of mind.



### 4. Recognise the scheme's leverage

The rights of schemes can vary substantially.

While there are limited consent rights afforded to DB schemes under legislation, contractual rights can exist in scheme rules (for instance, permitting trustees to wind up a scheme) and they may have control over key assets (e.g. through security).

As part of planning engagement with the trustees, recognising respective negotiating positions is important to inform how a trustee is likely to respond to any restructuring proposal.



Distressed situations are usually fast paced, but forgetting the DB scheme can have significant consequences.

As ever, recognising the rights of the scheme and engaging with this key stakeholder early will be crucial in any successful rescue.



**Nick Agius is a Director with Cardano Advisory.**

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*The Online Turnaround Times*



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