

# IPA

# ANNUAL REPORT

2018/19



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# MESSAGE FROM THE IPA PRESIDENT

A recognised professional body dedicated solely to insolvency, of which the IPA is the sole example, is of paramount importance to our industry. The IPA's comprehensive library of information, distinguished calendar of events, proactive continued professional development offering and agile approach to policy and regulation is something we're all immensely proud of and will continue to champion.

Keeping our membership abreast of – and maintaining discussion on – developments in the insolvency industry and the wider financial and business communities is of prime concern at the IPA, so that our members can carry out their pivotal role to the very best of their ability.



2018 was a year of change for the IPA. It was the year that we modernised our approach to regulation, making it more efficient and easier to engage with for our members, reducing bureaucracy and focusing on our core responsibilities; we responded to a rapidly developing market, and created a new approach to regulating those who provide Individual Voluntary Arrangements at high volume; for the first time in ten years, we introduced a significant change in secretariat leadership and strengthened the support team; and our role as Anti-Money Laundering Professional Body Supervisor really came to the fore. I believe that the programme of change we instigated in 2018 has put the IPA in the right place to continue to deliver for our members, helping them to be the best Insolvency Practitioners they can be.

I am especially proud that we continued to deliver this significant programme of change, while delivering a challenging work programme of regulatory activity and member services. We had contributed to 2 consultation responses to government; undertook 71 committee meetings; responded to 212 complaints; and undertook 93 inspection visits (involving 167 Insolvency Practitioners). I especially enjoyed our busy events programme, engaging with over 700 attendees over the course of the year.

As I hand over the reins to Carrie-Ann James for 2019/2020 Presidency, I hope I am leaving an IPA that is smarter, is better able to meet the challenges ahead, and which is set up to succeed on behalf of our members.

*Lloyd Hinton*

# MESSAGE FROM THE IPA CEO

This is the first of the IPA's new style Annual Report and I hope it sets the tone for the organisation the IPA is becoming. A modern, up to date, member services and regulatory body that carries out its duties in a well-run, professional environment that puts creditors, members of the public, businesses and its members at its heart - whether we are sharing best practice and helping learning Insolvency Practitioners be the best they can be through our services arm; working through the regulatory process; or helping students pass their exams on the way to becoming the Insolvency Practitioners of the future.



We have instigated a busy programme of change this year, but with unanimous adoption, it was clear that the changes we introduced were welcomed. In tandem to improvements to our processes and practices, we also built our capability, attracting new and talented members of a strengthened team, complimenting some of the deep regulatory and member service talent already available to us in the IPA secretariat. We have refreshed our committees, reducing the number to focus more attention on the issues that matter to those in the Insolvency environment and refreshing membership to attract a fresh view, complimenting the deep experience already available to us from our amazing volunteers and lay members.

We also focused on getting our finances back on track and as we look ahead to priorities for 2019/ 2020, sustainability and financial stability will be key areas for our attention.

I want to thank Lloyd, the Board and the Secretariat for welcoming me to my new role in the latter half of this year. We've accomplished a lot in short space of time and we wouldn't have been able to do so without their dedication, energy and commitment to this great organisation.

*Michelle Thorp*

# THE IPA IN NUMBERS

*“The IPA maintains a leading role in the development of professional insolvency standards.”*

**1**



RPB in the UK solely involved in insolvency

**c. 2000**



Firm, Individual & Student Members

**575**



Licensed to practise

**2nd**



Largest of the 5 Recognised Professional Bodies

**4**



Exams, leading to joint Insolvency Exam

**12**



Years as an Anti-Money Laundering Supervisor

**100+**



Committee Members

**58**



Years old

# IPA: WHO WE ARE, WHAT WE DO & WHAT WE STAND FOR

The IPA is a recognised professional body (RPB) for those in insolvency practice or involved in insolvency-related work – the only organisation out of the UK's five RPBs to focus solely on insolvency. We have around 2,000 members.

We're the second largest of the RPBs for authorising and regulating insolvency practitioners (IPs). We also contractually monitor and inspect practitioners authorised by the Association of Chartered Certified Accountants (ACCA).

The IPA is also an Anti-Money Laundering (AML) Professional Body Supervisor (PBS). The 2017 Money Laundering Regulations introduced the concept of the PBS. Organisations of this status are responsible for supervising their members on compliance with the 2017 Regulations. The IPA is therefore responsible for the monitoring and review of members' compliance with the Regulations in their insolvency and advisory work.

We participate in external committees on Anti-Money Laundering and support the Government Flag It Up campaign to raise awareness of Money Laundering. This new development at the IPA is yet another example of our continued drive to adapt our services in line with the changing landscape around us, so that our members can practice to the very best of their ability. Find out more here: [www.insolvency-practitioners.org.uk/regulation-and-guidance/anti-money-laundering-regulation](http://www.insolvency-practitioners.org.uk/regulation-and-guidance/anti-money-laundering-regulation).

## THE IPA TODAY AND BEYOND

The IPA maintains a leading role in the development of professional insolvency standards. It's one of our principal aims to promote and maintain excellent performance and professional conduct standards across the range of insolvency services. We're proactive in our encouragement of broader insolvency knowledge within and outside the profession through access to our membership, qualifications, committees, conferences and regional roadshows, and the continued cross-organisational discussion that this brings.

As well as the Certificate of Proficiency in Insolvency (CPI), Certificate of Proficiency in Personal Insolvency (CPPI) and Certificate of Proficiency in Corporate Insolvency (CPCI) examinations, we administer the Joint Insolvency Examination (JIE), which is required to become an IP and is sat by around 200 candidates each year.



It's a requirement for IPs to maintain their knowledge while licensed through continuing professional development (CPD), which the IPA provides through our structured calendar of events and courses. Members can also sit on our committees and influence areas such as our strategy, policy, budgets, the shape and future of our regulation and matters relating to practice, ethics and standards.

Our Insolvency Practitioners' Handbook is published annually and draws together the Ethics Code, Statements of Insolvency Practice (SIPs) and other regulatory guidance to which our IPs are expected to adhere. A full library of technical help sheets will also be available shortly, and email updates on industry developments are sent to the membership. Purchase your copy of the handbook here:

<https://store.lexisnexis.co.uk/products/insolvency-practitioners-handbook-seventh-edition-skuuksku9781474313452INPH782458/details>

Members of the IPA can also enjoy preferential rates on employment & health & safety law, access to our panel of insolvency solicitors and a student discount card (for new and continuing students).

*“It’s one of our principal aims to promote and maintain excellent performance and professional conduct standards.”*

# IPA BOARD

The IPA Board manages the business of the association and exercises all its powers.

The Board met seven times during 2018.



**Lloyd Hinton**  
• President of the IPA  
• Insolve Plus



**Carrie-Ann James**  
• Vice-President of the IPA  
• Benedict Mackenzie



**Kevin Hellard**  
• Deputy Vice-President  
• Grant Thornton



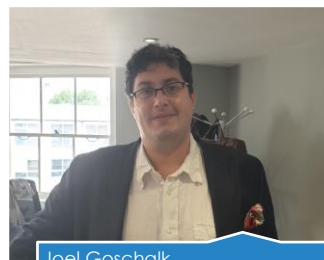
**Ruth Duncan**  
• Immediate Past President  
• Maxwell Davies Ltd



**Paul Davis**  
• Chair Finance Committee  
• MHA MacIntyre Hudson



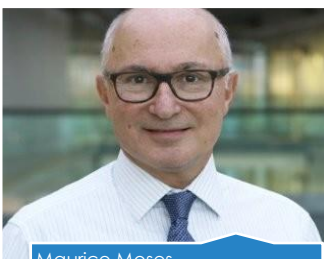
**Nick Myers**  
• Chief Examiner  
• Smith & Williamson LLP



**Joel Goschalk**  
• Cavendish Solutions Ltd



**Derek Hyslop**  
• EY



**Maurice Moses**  
• EY



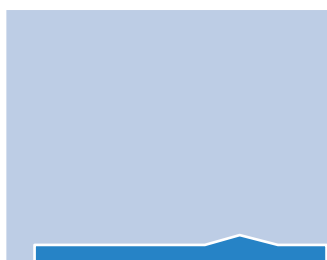
**Samantha Keen**  
• EY



**Simon Underwood**  
• Menzies LLP



**Jacqueline Westerman**  
• Aperture Debt Solutions



**Colin Wiseman**

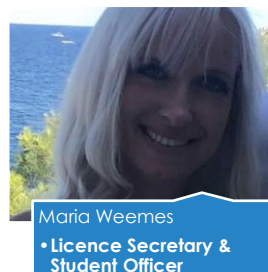
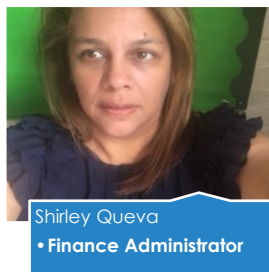
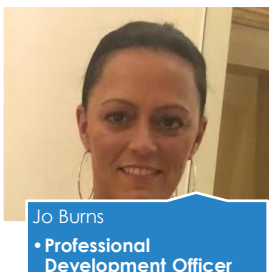
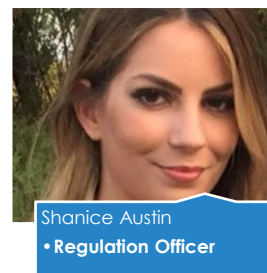
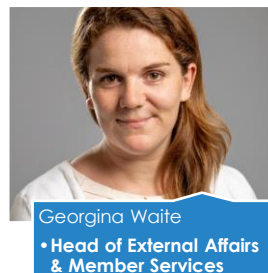


**Joanne Wright**  
• Begbies Traynor



# IPA SECRETARIAT

This year, we've built capability of the Secretariat by attracting talented new people across the organisation, including new additions to the senior team and recruiting a new CEO, Michelle Thorp.



# ENSURING MEMBERS ARE OPERATING ON BEHALF OF CREDITORS & CLIENTS

The IPA Articles of Association set out the way in which the IPA is organised to achieve the purposes set out in the Memorandum of Association.

Article 52 of the Articles gives Council the power to establish committees and delegate some, but not all, of its powers and responsibilities to the Committees, for increased regulatory efficiency.

The IPA has 14 committees. These are:

- Investigation Committee
- Membership & Authorisation Committee
- Disciplinary Committee
- Appeal Committee
- Finance Committee
- Standards, Ethics & Regulatory Liaison Committee
- Member Services Committee
- Examinations and Training Committee
- Personal Insolvency Committee
- Constitutional Advisory Committee
- Parliamentary Liaison Committee
- Human Resources Committee
- Corporate Consultation Committee
- Regulatory Liaison Group (RLG)

The total number of committee members is 101, a small proportion of which are members of more than one committee. The total number of committee meetings in 2018 was 71.

Key issues dealt with by the Committees in 2018 were revisions to the Insolvency Code of Ethics; Statements of Insolvency Practice (SIPs) 6, 7, 9 & 11; guidance on anti-money laundering; the regulation of IVA volume providers; debtor petitions & pension funds; mental health & vulnerability; and Scottish personal insolvency matters.

The two consultation responses in 2018 were to the Government's Corporate Governance and Insolvency and Breathing Space & Statutory Debt Repayment Plan proposals.

## STATISTICS: MONITORING VISITS AND COMPLAINTS

the IPA's core regulatory activity is through handling complaints and undertaking monitoring.

### 2018 monitoring visits data

<b>Routine</b>	128
<b>Targeted</b>	6
<b>Total</b>	134

#### Action following routine visit

Satisfactory report - no further action		60
Further visit recommended - not yet done		8
Further visit carried out (include in targeted figure above & result in table below)		
Licence restricted		0
licence withdrawn		0
confirmations		0
undertakings		3
plans for improvement		0
compliance review requested		0
decision not finalised		47
Other (please detail)	IC Referrals	20
	Warnings	4

#### Action following targeted visit

Satisfactory report - no further action		4
further visit recommended - not yet done		2
Further visit carried out (include in targeted figure above)		
Licence restricted		
licence withdrawn		
confirmations		
undertakings		
plans for improvement		
compliance review requested		
decision not finalised		
Other (please detail)	Referral to IC	1

## Complaints dealt with during 2018

Complaints in hand at 1 January 2018	130
New complaints received during the year	294
Total concluded during the year	212
Complaints carried forward at 1 January 2019	212
Number of warnings, cautions or other unpublished sanctions issued during 2018	5
Number of undertakings, consent orders, reprimands and fines issued during 2018	19
Number of ongoing complaints currently being considered by Investigation or Disciplinary Committees	27
Number of complaints referred to the independent reviewer / assessor in 2018	3
Number of appeals made by insolvency practitioners in 2018	0
Number of appeals successful	0
Number of appeals rejected	0

*“The IPA Regulatory Principles are based on proportionality, accountability, consistency and transparency.”*

# MEMBERS AT THE HEART OF THE IPA

Membership of the IPA has many benefits, and we are proud of the services and benefits we offer. Since our inception in 1961, members have been the heart of what we do.

## **Student membership**

Open to anyone, whether looking to enter, or to advance their career in insolvency practice or related business, financial, accounting or legal fields; or just interested in knowing more about insolvency.

## **Affiliate membership (AIPA)**

For those who have passed the CPI, CPPI or CPCI, or are working in insolvency related fields, or who have made a significant contribution to the knowledge and practice of insolvency.

## **Ordinary membership (MIPA)**

For those that have passed their CPI, CPPI, CPCI or JIE and have sufficient insolvency experience and working in insolvency practice.

## **Fellow membership (FIPA)**

For those that have been an Individual Ordinary Member of the IPA for at least five years.

## **Retired membership**

For individuals who have retired from insolvency practice or insolvency related work.

## **Honorary membership**

For individuals deemed suitable and appropriate by Council.

## **Member firms**

For partnerships, incorporated bodies or sole proprietorships engaged in insolvency practice.

### Total renewals in 2018

Student	365
Affiliate	65
Ordinary	786
Fellow	152
Retired	51
Honorary	17
Firms	76
Licence	557



# ATTRACTING NEW RECRUITS TO INSOLVENCY

The IPA offers an established intermediate examination, the Certificate of Proficiency in Insolvency (CPI) for those specialising in insolvency. It is ideal preparation for the JIE, with its combination of multiple choice and full written exam questions and is used by many as a stepping stone to the higher qualification. The examination is a test of competence in insolvency, and CPI is widely recognised by employers as an established mark of achievement. It covers both personal and corporate insolvency.

CPI can lead to membership of the IPA and to entitlement to use its designatory letters MIPA. A separate Certificate of Proficiency in Personal Insolvency (CPPI) covers personal insolvency issues and is set at the same standard as is the Certificate of Proficiency in Corporate Insolvency (CPCI), which covers the corporate sector. It is primarily for those specialising in the personal insolvency sector.

The CPI, CPPI & CPCI are designed for individuals who are working in or have an interest in insolvency, whether or not intending to become licensed insolvency practitioners. The examinations are held in June and December each year.

## Student numbers: 364

Winners of awards:		
Louise Outram	CPI June	1 <sup>st</sup> Place
Richard Lunn	CPI June	2 <sup>nd</sup> Place
Elizabeth Forbes	CPPI June	1 <sup>st</sup> Place
Erin Marsh	CPPI June	2 <sup>nd</sup> Place
Sarah Walsh	CPCI June	1 <sup>st</sup> Place
Charlotte Graham	CPI December	1 <sup>st</sup> Place
Kieron Higson	CPI December	2 <sup>nd</sup> Place
CPI June 2018		
	48 passed	
	27 failed	
	7 absent	
	<b>82 Total</b>	
CPCI June 2018		
	1 passed	
	4 failed	
	<b>5 Total</b>	
CPPI June 2018		
	8 passed	
	8 failed	
	3 absent	
	<b>19 Total</b>	

# HELPING OUR MEMBERS ACHIEVE

## Training

A partnership was formed with NTI to deliver a suite of 'Introduction to Insolvency' courses. Topics covered were administrations and CVAs, IVAs, liquidations and essential numbers. Courses were held in London and Manchester and 97 students attended throughout the year.

## Membership handbook

The annual membership handbook was published again in 2018 and issued to all IPA members.

## Events

The IPA held its annual conference in central London in April 2018, which was very well attended, with delegate numbers at over 150. Following this, there were five regional roadshows held in Cardiff, Birmingham, Leeds, Manchester and London, which were attended by over 200 delegates in total. A great evening was had by guests of our Annual Dinner in September. The popular Personal Insolvency Conference was held again in Manchester in November 2018, and over 165 delegates attended, which was a record number of delegates for this event.

### Events

• Annual Lecture	London	30 January
• Annual Conf	London	25 April
• Roadshow	Glasgow	13 June
• Roadshow	Belfast	12 September
• Annual Dinner	London	26 September
• Roadshow	Manchester	3 October
• Roadshow	Leeds	17 October
• Roadshow	Cardiff	24 October
• Roadshow	Birmingham	4 November
• Roadshow	London	7 November
• Personal Insolvency Conf	Manchester	28 November
• Past President's Lunch	London	6 December

### Exams

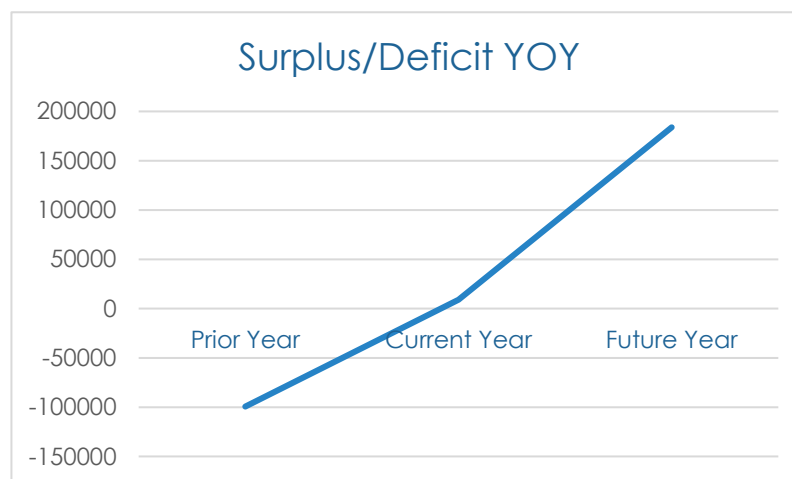
• Joint Insolvency Examination Board (JIEB) exam results	March
• RPR/CPI/CPPI/CPCI exam	June
• CPI	December

# OUR FINANCIAL PERFORMANCE

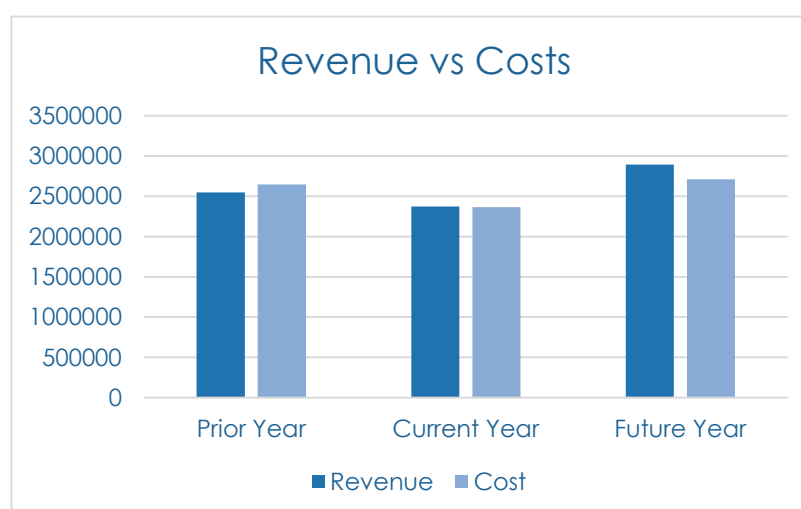
The IPA showed a surplus of just over £8k in 2018, which, compared to the previous year, was a significant achievement. Hard work was put into reviewing current supplier contracts, renegotiating those contracts and making savings of just over £17k for the year. We also negotiated a new sponsorship deal within the year.

Staff are encouraged to continually consider areas where savings can be made.

The graph below shows the previous year's loss compared to the 2018 accounts and what the future surplus of the IPA is expected to reach.



The graph below shows the difference in revenue and costs over the three years.



## **Operations**

Within the year, all staff were given new laptops. The members of staff who previously had desktop computers were given a laptop to allow more flexibility for staff to work from home.

The server in the office had aged, so in keeping up to date with technology, all of the data stored on the server was migrated to the cloud - with exception to the finance and membership database system, which will undergo a full review in 2019.

The office has also undergone an overhaul, which has allowed an extra meeting room to be created. With the moving of cupboards that were creating a barrier between two departments and the removal of the desk dividers, we now have an office design which is more open plan.

# MODERNISING THE IPA

The Review of Regulation and Governance (the Review) was undertaken in November 2018 to ensure that the IPA's regulatory processes enable a decision-making process that is robust, fair, transparent, timely and consistent.

## SCOPE OF THE REVIEW

The review and its findings aimed to improve the effectiveness of the IPA's monitoring and complaints handling, and regulatory and disciplinary outcomes. The review considered whether changes were required to the way in which the decision-making committees' work was conducted. It also considered improvements to the structure and composition of the IPA regulatory committees. It also evaluated the efficacy of non-regulatory/support committees.

The review included an examination of the current monitoring cycle and whether tools such as self-certifications achieve their purpose. It did not evaluate specific sanctions or regulatory action taken.

## SUMMARY OF FINDINGS

The Review identified a need to focus resources on higher risk areas to maximise regulatory effectiveness and provided recommendations to address that. Some recommendations were capable of immediate implementation and others required further consultation.

This review was in addition to significant changes to the procedures for monitoring IVA volume providers, which in themselves seek to address this finding.

## THE IMPROVEMENTS SUMMARISED

The Review introduced: Changes to the Committees and their terms of reference, appointment processes, membership composition rules and inter-committee communications; regulatory processes, including how investigations, monitoring and complaints handling are conducted, how reports are produced, and how investigator findings are handled; publication and engagement procedures and our approach to consistency.

## LIST OF KEY IMPROVEMENTS

### Complaints process

- Adoption of more robust internal review process for early identification of progress issues and escalation.
- Closer monitoring of complaints as they are received with new management information reports.
- Requirement for collaboration between Inspectors and Regulation Officers to address backlogs.



### **Inspection process**

- Shorter, focussed and targeted reports (typically 10 pages) with less focus on minor nonconformities and more on serious matters.
- Inspectors' findings to include recommendations for Insolvency Practitioners and next monitoring steps.
- The number of sample cases selected for review by the inspectors to be based on risk analysis and related to the types/number of cases.
- Inspectors' findings to focus on major concerns rather than bureaucracy.
- Inspectors to be able to give warnings for less serious matters identified.
- Inspection reports should highlight evidence of any financial benefit for the IP/firm of any issues identified.

### **Monitoring**

- Introduction of a more responsive risk profiling process and collaboration/alignment between Regulation Officers and Inspectors.
- 1-6 year monitoring cycle – tailored visits to types of firm.
- Redesign of the self-certification process to be used between inspection visits as a monitoring tool to be used to follow up on recommendations.
- Consistency of Committee decisions and follow up plans to be monitored.

### **Committees**

- Regulatory committee functions condensed from four into two, (Tier 1 and Tier 2 Committees) promoting focussed discussions for faster robust outcomes.
- Non-regulatory committees will be reduced from ten into three, SERL, Member Services & Events Committee and the Finance and Risk Committee.
- New clear terms of reference, to address the following;
  - a. Failure to contribute or attend leads to removal from the committee
  - b. Annual training for committee members
  - c. 5-year terms for committee members with a fallow year
  - d. Committee chairs to sit on Council
  - e. Strengthened confidentiality & conflict agreements
  - f. Increased judiciary, barristers and solicitors for lay committee membership
  - g. Two-year Committee hiatus for former (or similar) employees.
- 2. The Committee to set out its decision-making considerations in minutes

The changes were unanimously adopted by the Annual General Meeting in April and scheduled for immediate implementation.

## **A NEW FRAMEWORK FOR MONITORING PROVIDERS OF VOLUME INDIVIDUAL VOLUNTARY ARRANGEMENTS**

The IPA recognised that further scrutiny of its insolvency practitioners who operate in this sector was required and worked closely with volume IVA providers, debt charities, creditors and Government to design an enhanced monitoring scheme that will provide for continuous monitoring. This newly developed programme will come into effect in January 2019.

In bringing these changes into force, the IPA will have more detailed and real-time insight into the operation of these practices and will have scope to cope with the number of cases under review. Inspection reports will be more focused, targeting key areas and enabling the IPA to get to the heart of any concerns immediately, including in appropriate cases, issuing sanctions.

With the number of individuals entering into an IVA (with the vast majority being administered by volume IVA providers) increasing, the IPA is hopeful that this new intensive regulatory system will provide greater confidence to all stakeholders concerned, such as creditors, government, press, and insolvent individuals.

### **Volume IVA provider**

A volume IVA provider is classified as being responsible for at least 2% of the overall IVA market (currently just over 5,000 IVAs). The IPA regulates the majority of the IPs operating in these firms.

### **The Structure**

This strengthened regulatory system will feature the following:

- Continuous monitoring, delivered through monthly reporting and access to volume IVA provider technology systems to enable better scrutiny of their business practices
- Up to four regulatory visits a year (up from one)
- Bespoke investigations into identified areas of concern, reviewing far more cases than the IPA have previously been able to consider in any one monitoring visit
- Certain aspects of the volume IVA provider business, such as initial advice calls to debtors, will be made available for monitoring by direct access, or by monthly reports
- Volume IVA providers provide annual accounts, details of their corporate structures and other data as required
- Regular meetings will be held with the volume IVA providers to discuss trends and issues.

# WORKING WITH STAKEHOLDERS TO HELP THE PROFESSION THRIVE

Working closely with government bodies and key partners ensures that the IPA is in a position to update their members with current policies and regulatory changes. This in turn means that IPA member requirements are continually met to empower them to promote and maintain high standards of performance and professional conduct.

The IPA has sponsorship partnerships in place, which enables the IPA to deliver market leading services from our partners to our members.

The IPA works with various industry media outlets to connect with our members and provide updates on the IPA and wider stakeholder audience. We also look to develop stories for mass media and have an active social media presence.

The oversight of the IPA's activities, as well as being subject to external audit, is provided by the Insolvency Service, an Arm's Length Body of the Department for Business, Energy & Industrial Strategy, who provided a review of our Insolvency activity in 2018, and the Office for Professional Body Supervisors who review our activity for Anti-Money Laundering Supervisory work, and who also reviewed our activity in 2018.

## THE REGULATORY LANDSCAPE



Trade association for the profession:



# CONTACTS

## IPA Address

Valiant House  
1st Floor  
4-10 Heneage Lane  
London  
EC3A 5DQ

## IPA Office hours

Office hours are: Monday - Friday 9.00am - 5.00pm

## IPA Numbers

T: 020 7623 5108  
F: 020 7623 5127

## IPA Emails

General: [secretariat@ipa.uk.com](mailto:secretariat@ipa.uk.com)  
Chief Executive: [michellet@ipa.uk.com](mailto:michellet@ipa.uk.com)  
Membership: [membership@ipa.uk.com](mailto:membership@ipa.uk.com)  
Events: [events@ipa.uk.com](mailto:events@ipa.uk.com)  
Complaints department: [secretariat@ipa.uk.com](mailto:secretariat@ipa.uk.com) or call: **020 7397 6430**