

# EDGE RECOVERY LIMITED

## CHARGE OUT RATES & POLICY REGARDING THE RECOVERY OF EXPENSES PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration either as a combination of, or on one of the following basis of the time properly spent in dealing with the case, on a fixed fee basis, or as a percentage of realisations. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on the above basis. Best practice guidance requires that such information should be disclosed to those who are responsible for approving remuneration.

### 1. POLICY ON FEES

The office holder has overall responsibility for the administration of the estate. He will delegate tasks to members of staff as appropriate with their experience and the complexity of the task. This is compatible with the efficient conduct of the matter in order to ensure costs are kept to a minimum and assists the office holder as it allows him to deal with the more complex aspects of the case.

Fees are either fixed by reference to time costs, or as a percentage of realisations and distributions, or a set amount or any combination of all three.

Where fees are agreed on a time cost basis, rates may be varied from time to time, at the sole discretion of Edge Recovery Limited, and such changes will be notified in retrospect with each report to Creditors. There are various levels of staff that are employed by the office holder and the firm operates a time recording system which allows staff working on the case, along with the office holder, to allocate their time to the case. This time is recorded at the individual's hourly rate in force at that time and which is recorded in six minute intervals.

#### 1.1. CHARGE-OUT RATES

Time properly incurred on cases is charged at the hourly rate of the grade of staff undertaking the work that applies at the time the work is done. Details of charge-out rates effective from 1 January 2021 and previous rates are as follows:

	Rates applicable (£ per hour)								
	1/1/2012 to 31/12/2013	1/1/2014 to 31/12/2014	1/1/2015 to 31/12/2020	1/1/2021 to 31/12/2021	1/1/2022 to 31/12/2022	1/1/2023 to 31/12/2023	1/1/2024 to 31/12/24	1/1/2025 to 31/12/2025	From 01/01/2026
Partner	330	360	390	450	490	540	595	648	680
Manager	240	280	300	330	390	430	480	525	550
Senior Administrator	150	200	240	270	300	330	365	396	415
Administrator	150	180	180	200	240	260	290	318	330
Assistant	75	80	90	110	130	140	155	168	175

For further information on the manner in which an Office Holder's fees may be fixed, please refer to the guidance notes in relation to fees which can be downloaded from [Document Downloads - Edge Recovery & Insolvency Practitioners](#) and click on the relevant case type.

## **FIXED AND % FEES**

Where fees are authorised and approved as a fixed fee this fee is to cover the costs incurred by the Insolvency Practitioner and his staff and does not include any additional direct costs.

Should remuneration be charged as a percentage of realisations, this is based on an estimate of the percentage that the office holder believes reflects the risk that he is taking of not achieving any realisations, the nature of the assets involved, the complexity of the case and the anticipated benefit for the creditors. No additional direct costs are included.

A fixed or % fee provides creditors with certainty as to costs and the specific complexities of a case are taken into account when agreeing the basis of the fee to ensure a fair and reasonable fee is sought.

## **2. RECOVERY OF EXPENSES**

An expense is a cost which is directly attributable to the estate and which is neither an office holder's remuneration nor a distribution to creditors or members. Expenses can include disbursements, payments met by the office holder and subsequently recovered from the estate, and are divided into those that do not need approval before they are charged to the estate (category 1) and those that do (category 2).

Category 1 expenses are payments to independent third parties and do not have to be approved prior to payment, but when reporting to the creditors committee and creditors during the course of the liquidation the actual expenses incurred will be compared with the original estimate provided with any material difference explained (e.g. where legal costs rise due to escalated recovery action).

Category 2 expenses are payments to associates, or parties with a professional or personal relationship, or payments which have an element of shared costs. These expenses require approval in the same manner as an office holder's remuneration. This will include any case related travel or subsistence incurred by staff working on this case. Where it is necessary for staff to travel from the office, business mileage may be charged at the HMRC rate of 45p per mile.

An estimate of expenses (including disbursements) is provided to creditors when the basis of the office-holder's fees are approved.

The expenses recovered by Edge Recovery Limited are as follows:-

<b>Expenses</b>	<b>Charge</b>
<b>Category 1</b>	
Bond	At cost
Statutory Advertising	At cost
Postage	At cost
External storage	At cost
Other travel charges are recharged at 100% of the fare/cost incurred by the office holder, his staff or relevant party	At cost in accordance with internal policy
Subsistence and any other miscellaneous disbursements, where appropriately incurred, are charged/recharged at 100% of the cost incurred by the office holder, his staff or relevant party	At cost in accordance with internal policy
<b>Category 2</b>	
Mileage (where any staff of office holder uses their own vehicle)	45p/mile

### **3. PROFESSIONAL ADVISORS**

On occasion it is necessary for the office holder to engage with specialist professional advisers. Professional advisers are selected with regard to the specific requirements and based upon the office-holders professional judgement of their experience and ability to perform the necessary work, the complexity and nature of the assignment and the basis of the fee arrangement with to ensure a fair and reasonable cost to the estate. The office holder is obliged to ensure that such advice or work is warranted and that the advice or work reflects the best value and service for work undertaken.

Expenses incurred in respect of specialist advisers are subject to independent assessment prior to engagement and reported in accordance with current guidance. Unless a significant personal or professional relationship, that may give rise to a potential threat or conflict, has been identified with any Advisor their costs are regarded as category 1 expenses.

### **4. THE USE OF SUBCONTRACTORS**

An office holder may sub-contract some of the work they are required to undertake to specialist providers where they are satisfied that taking this approach ensures that the best value and service is provided to creditors because specific expertise is required and it is more cost effective. The rates charged are comparable with the market rate for such services and the work to be undertaken, the need for the work and the cost are reported to creditors.