Dalriada. A better way

ACA Smaller Firms Seminar

Deficits and Distressed Employers

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Agenda

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- Introduction
- Recognition and Planning
- Options for Sponsors of Distressed Schemes
- PPF Transactions
- Insolvency

Introduction

Introduction

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- Trustee Representative at Dalriada.
- Previously Head of Restructuring and Insolvency at the Pension Protection Fund (PPF) from its inception to 2013.
- Former adviser to Government Ministers on UK, European and international insolvency policy.
- Awarded an OBE in 2011 for Services to Business.
- At the heart of all restructuring projects involving the PPF including Nortel, Lehman, Kodak and UK Coal.
- Involved in a number of pensions-related projects for clients, including the rescue of Monarch Airways.

Richard Favier OBE

Recognition and planning

Recognition and planning

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- Understanding:
  - The employer covenant
  - Affordability
  - Risks
- Recognising:
  - Scheme goals
  - Probability of success
  - Impact of failure
- Planning:
  - Do the trustees have the knowledge and experience required?
  - What tools are available to assist decision making?

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Options for Sponsors of Distressed Schemes

Options for Sponsors of Distressed Schemes

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- Can pay – should pay
- Corporate restructure to pay
- Scheme specific funding
- PPF+ compromise
- PPF- compromise
- Insolvency

PPF Transactions

PPF Transactions

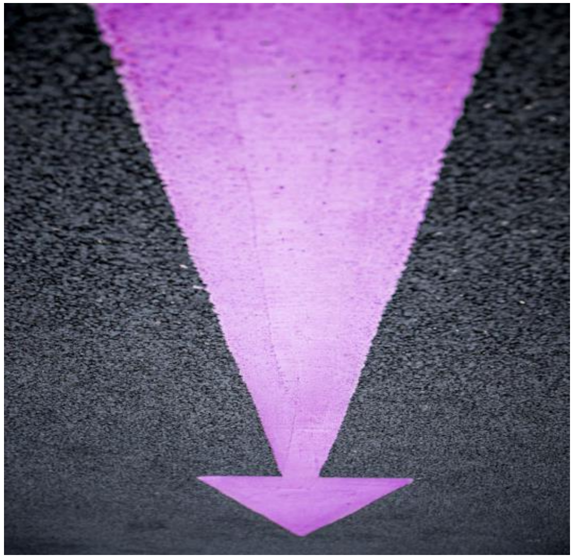
The PPF can become involved in the restructuring of an insolvent employer if:

- Insolvency is inevitable.
- Restructure will provide considerably more for scheme than insolvency outcome.
- The Scheme is treated fairly in comparison to other creditors and shareholders.
- The Scheme has a stake in the ongoing business:
  - 10% if new shareholders.
  - 33% if future shareholders already involved.
- tPR prepared to give clearance where an Regulated Apportionment Arrangement (RAA) is involved.
- Bank fees for any refinancing are reasonable.
- Legal fees met by the other party.

Insolvency

Insolvency

- Company Voluntary Arrangement (CVA)
- Administrative receivership
- Administration
- Voluntary liquidation
- Compulsory liquidation



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Questions