R3

Yorkshire manufacturing outperforms rest of the UK

As UK manufacturing enjoys a resurgence, research by insolvency trade body R3 reveals that in Yorkshire the sector is showing a stronger recovery than in any other region.

According to R3’s figures for April 2014, only 20% of manufacturing firms in Yorkshire have a higher than normal risk of insolvency, the smallest proportion of any region in England and Wales. The North East also showed a strong performance (21%) while the poorest performance in the sector was in London (30%) and the South East (25%).

While all regions saw a slight increase in the rate of high risk businesses in the sector since the previous month, levels have remained fairly steady in Yorkshire over the last six months with 337 manufacturing firms identified as being at high risk in April out of 10,693 active companies.

R3 uses research compiled from Bureau van Dijk’s ‘Fame’ database of company information to track the number of businesses in key regional sectors that have a heightened risk of entering insolvency in the next year.

William Ballmann, chair of insolvency trade body R3 in Yorkshire and partner at national law firm Gateley LLP, said: “The manufacturing sector is continuing to perform well, with the sector amongst the star performers in the latest GDP statistics. It is encouraging that manufacturing recovery appears to be sustained and is continuing to drive new job creation.
“In Yorkshire, 2014 has seen production and new orders increasing and the feeling is that the region is performing slightly more strongly than the rest of the UK although the sector is still a long way from its peak before the recession.”

Another sector which also showed a sustained recovery was technology and IT with high risk businesses again falling last month. However, fortunes remain mixed with high risk businesses in both the construction and property sectors growing month on month, having fallen in most of the previous five months.

Mr Ballmann added: “It is particularly good news that high tech businesses in the region are flourishing as Yorkshire is becoming known as a hub for fast-growing digital technology companies and for advanced manufacturing.

“However, while these figures are welcome, it’s important that SMEs do not take their eyes off the balance sheet and focus only on growth. With post-recession cash reserves depleted, it is vital that they continue to carefully monitor cash flow and profitability and avoid the temptation of over extending themselves as the recovery gathers pace.

“This remains a risky time for businesses and we urge them to seek professional advice at the first signs of financial problems.”

- Ends –

Photo shows: William Ballmann, chair of insolvency trade body R3 in Yorkshire and partner at national law firm Gateley LLP

Notes to editors (R3):

• R3 compiled the data using BVD’s Fame Database of company information. Companies in the Fame database are awarded a score based on their likelihood of insolvency in the next year. This score is based on factors such as turnover, pre-tax profit, working capital, cash and bank deposits and other factors. A high score indicates a low risk of insolvency in the next year, and vice versa.
• The research took the top ten sectors (by employees) in each UK region and measured the number of businesses in each sector whose score had risen from last year (i.e. become more financially secure) and the number of businesses whose score had fallen (i.e. become less financially secure).
• R3 is the trade body for Insolvency Professionals, and represents 97% of the UK’s Insolvency Practitioners.
• R3 comments on a wide variety of personal and corporate insolvency issues. Contact the press office, or see www.r3.org.uk for further information.
• R3 promotes best practice for professionals working with financially troubled individuals and businesses; all R3 members are regulated by one of nine recognised professional bodies.
• R3 stands for ‘Rescue, Recovery, and Renewal’ and is also known as the Association of Business Recovery Professionals.