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R3

As UK economy cools Yorkshire manufacturing continues to perform well



With recent surveys of the services, manufacturing and construction sectors suggesting Britain's economy is starting to slow, manufacturing in Yorkshire remains robust compared with other parts of the UK.

The latest research by R3 shows that in March, the region's manufacturing sector had just 18.4% of businesses at higher than normal risk of insolvency - the lowest percentage in England. This month, only 2,469 of the 13,399 active manufacturing firms in Yorkshire were identified as being in the overall negative band.

The only other region surveyed which had less than 19% of businesses at higher than normal risk was Northern Ireland with 18.2%, while the UK average was 20.8%, with the level highest in London at 23.4% followed by the North East at 22.6%.

Yorkshire was also strong in construction with just 24.2% of businesses in the negative band, well below the UK-wide average of 25.3%; in agriculture with 16.2% at higher than normal risk compared with the national figure of 18.8%; and in professional services with 29.9% in the region and 30.6% nationally.

Overall, 51,769 businesses in Yorkshire were deemed to be at higher than normal risk of insolvency, equating to 24.2% of active businesses in the region, slightly below the national figure of 24.9%.

Adrian Berry, chair of R3 in Yorkshire and restructuring partner at Deloitte LLP, commented:

“Although UK growth continues to be stronger than other major developed economies, expectations are that the growth rate will start to slow soon. With that in mind, it is good news that manufacturing, traditionally one of the stalwarts of our regional economy, is remaining strong.

“While we are seeing continued business confidence with some companies, particularly in the manufacturing and construction industries, increasing output and hiring more staff, the rising cost of raw materials is causing inflationary pressures which mean that business owners would be wise to proceed with caution. Businesses face a number of challenges this year, including rising inflation, a rising national living wage, rising import costs and uncertainty over Brexit.”

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.