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R3

Yorkshire's manufacturing companies see increased risk of insolvency



The percentage of manufacturing companies in Yorkshire at higher than normal risk of insolvency has risen significantly this month according to the latest research from insolvency trade body R3.

In September, 23.1% of the 14,162 active manufacturing companies in Yorkshire were at higher than normal risk of failure, up by 4.3% since the previous month. However, the region still outperformed the UK average of 23.7% of businesses in the manufacturing in the overall negative band, with only Northern Ireland (20%); the West Midlands (20.4%); and the North West (22.7%) having a lower percentage of businesses at higher than normal risk in the sector. Of the 12 regions surveyed, the South East that had the highest proportion of high risk manufacturers with 25.6%.

“With its textile and steel heritage, manufacturing has always been a key sector for Yorkshire and the region has succeeded in carving a niche in advanced manufacturing in recent years,” explains Adrian Berry, chair of R3 in Yorkshire and restructuring partner at Deloitte LLP.

“While it is concerning to see a rising number of manufacturing businesses at higher than normal risk here and in other parts of the country, the PMI figures for August[1] indicate that manufacturing is growing across the UK as a whole, despite the uncertainty around Brexit and the rising cost of imports.



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“In the past, Yorkshire manufacturing businesses have proved resilient during tough times and while they are likely to face challenges in coming months, they are in a strong position to weather the storm.”

The other sector which suffered this month was construction with a 5% increase in the number of businesses in Yorkshire at higher than normal risk, bringing the level to 29.3% of construction businesses in the region, above the national average of 28.5%.

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.

[1] The August PMI survey: <http://www.markit.com/Commentary/Get/05092017-Economics-PMI-surveys-show-UK-economic-growth-edging-lower-in-August>