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R3

## **Yorkshire pubs and restaurants rally in tough climate**



The pubs and restaurants sector is showing resilience in Yorkshire, with the region putting in a stronger performance this month than in much of the rest of the UK, according to the latest research from insolvency body R3.

In February, 28.3% of pubs in Yorkshire were deemed to be at higher than normal risk of insolvency, below the national average of 29.4%. Similarly, levels of restaurants in the region in the overall negative band was 29%, while the UK-wide figure was slightly higher at 29.3%.

R3's research found that, in February, the number of pubs in the region at above normal risk was 823 out of the 2,912 active businesses in the sector, a growth of 5.2% since January. While Yorkshire's restaurants fared better than many other regions in what is traditionally a very tough time of year for the sector, there were still 1,623 of the total 5,601 restaurants in the region at higher than average risk, a month on month rise of 5.4%.

The picture overall shows many businesses in all sectors across the UK continuing to struggle with 37.1% of active businesses nationwide being placed in the negative band, an increase of 7% since January. In Yorkshire, 38.6% of businesses (85,258 companies) are now deemed to be at higher than normal risk of insolvency, only slightly above the UK-wide figure. This represents a month-on-month increase of 7.5%, again close to the national average.

Eleanor Temple, chair of R3 in Yorkshire and a barrister at Kings Chambers in Leeds, commented:

“While overall the UK economy is continuing to grow, albeit very slowly, there is increasing evidence that many businesses across the full spectrum of sectors are facing a more precarious future. Ongoing uncertainty is stoked by a lack of clarity about what exactly Brexit will mean for businesses, while concerns about growing interest rates and inflation have an impact on spending for individuals and businesses.

“However, I think the region can take heart from the fact that overall it is performing in line with the national picture and, in fact, some previously hard hit sectors such as pubs and restaurants are actually proving to be more resilient here than in many other regions. While being at above normal risk of insolvency is worrying, it should be a wake-up call to businesses to act now and seek early professional advice to stop the situation from worsening.”

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.