Levels of insolvency risk in Yorkshire manufacturing sector show signs of slowing

The percentage of manufacturing companies in Yorkshire at higher than normal risk of insolvency showed only a slight increase in April, the lowest month on month increase for almost a year according to the latest research from insolvency trade body R3.

This month, there was a rise of just 2.5% in levels of manufacturing companies in Yorkshire at higher than normal risk of failure, a marked fall since the March figures which saw an increase of 4.1% since the previous month. In April, 34.8% of businesses in the sector, representing 5,077 of the 14,571 active manufacturing businesses in the region were in the overall negative band.

Levels of risk in Yorkshire manufacturing were similar to the UK-wide figure of 33.8%. The worst performing of the 12 regions surveyed was Wales with 37.9% of manufacturing companies at higher than normal risk, while Northern Ireland put in the strongest performance with just 30.4% in the higher risk category.

Overall, Yorkshire showed that in almost every sector tracked by R3, the month on month rise in the negative risk band was significantly lower than in the previous month.

"Over the last 11 months, we have seen a worrying increase in levels of insolvency risk across many sectors throughout the UK amid consumer concerns about inflation and business uncertainty about Brexit," comments Eleanor Temple, chair of R3 in Yorkshire and a barrister at Kings Chambers in Leeds. "This month's figures show a slightly more positive outlook with signs of distress appearing to steady although we are far from being out of the woods yet.

"While levels of business in the higher risk band have continued to creep up, we have not seen the significant jumps that marked previous months. As well as a slightly brighter outlook for the

manufacturing sector, hotels, construction and agricultural businesses in the region also saw smaller increases in their risk bands than in previous months in 2018."

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.