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R3

Distress in Yorkshire professional services sector sees slower growth



The proportion of professional services firms in Yorkshire at higher than average risk of insolvency grew between April and May, but at a slower month-on-month rate than recorded in the recent past.

According to the latest research from insolvency trade body R3, this month in Yorkshire there was a rise in distress in the sector of only 1.4% since April, one of the lowest increases in the last year. With 48.6% of professional services firms in the region at higher than normal risk of insolvency, levels of distress here are now only slightly above the UK-wide figure of 47.6%.

In May, over 1,800 professional services firms in Yorkshire were in the overall negative band, out of a total of over 3,700 active companies in the sector in the region.

Looking across the UK, levels of risk were highest in Wales (51.7%) and the South East (50.7%) while the best performing of the 12 regions surveyed were Northern Ireland (43.8%) and London (43.9%).

In all, 40.1% of all UK companies were found by R3 to be at higher than average risk of insolvency in May, with Yorkshire close to this figure at 41.9%. In a number of sectors, the region was near to the national picture: in the pubs sector 31.3% of businesses in Yorkshire were in the negative risk band (compared with 32.1% nationally); in manufacturing 35.7% (34.9% nationally); and in the hotels sector 31.7% (30.3% nationally).

“Obviously, the professional services sector is not immune to the vagaries of the wider economy, with falling confidence being felt here too,” comments Eleanor Temple, chair of R3 in Yorkshire and a barrister at Kings Chambers in Leeds. “Like any business, professional services firms need to keep a close eye on their cashflow in the current challenging times.



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“Overall, after growing month on month distress across most sectors throughout 2017, there is a feeling that consumers and businesses are becoming accustomed to the ‘new normal’ of Brexit uncertainty with a slowing down of distress this year, although sluggish economic growth and flatlining productivity levels present challenges across sectors and regions.”

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.