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R3

Yorkshire technology sector shows signs of recovery – R3



The proportion of companies in the technology sector in Yorkshire which are at higher than normal risk of insolvency has started to stabilise, according to the latest research by insolvency and restructuring trade body R3.

The region, which has built a reputation as a centre of tech innovation, has seen the number of businesses deemed to be at higher than normal risk in the technology and IT sector rise by less than 1% since last month. In August, just over 6,000 of the 12,000 active businesses in the sector in Yorkshire were in the overall negative band.

This represents 50.3% of tech businesses in the region, slightly higher than the national average of 49%. The strongest performing regions across the UK were London and Northern Ireland, both with just 44.7% of technology businesses at above normal risk of insolvency, compared with the South East which put in the poorest performance with 52.9%.

Looking across all companies in Yorkshire, there was a rise of just over 2% in the percentage of companies in the overall negative band between July and August, bringing the total to 44.4% of active businesses in the region, close to the UK-wide figure of 42.3%.

Eleanor Temple, chair of R3 in Yorkshire and a barrister at Kings Chambers in Leeds, comments: “In recent years, the Leeds City Region has re-invented itself as a hub for the tech sector. With the city one of the last three contenders in the battle to become the new home of Channel 4, it is hoped that this specialism will continue to develop.

“After a tough year in 2017 for tech businesses which, given their innovative nature, tend to have a higher risk profile than many others, it is reassuring to see the growth in levels of distress in the sector start to slow down both in Yorkshire and across the UK.

“However, if your business is experiencing any signs of financial distress, do seek professional advice as early as possible when the most options will be available to help you.”

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.