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Begbies Traynor

Businesses distress steadies in the North East in line with national picture



Businesses in the North East appear to be rallying after a tough year with a fall of 1% in the early signs of financial distress last quarter compared with the same period the previous quarter.

From July to September 2018, the latest quarterly Red Flag Alert data released today (25 October 2018) by leading business rescue and recovery specialist Begbies Traynor, shows that 9,605 businesses in the region experienced 'significant' financial distress (which relates to businesses with minor CCJs filed against them, or those showing a marked deterioration in key financial ratios). The 1% quarter on quarter fall in instances of 'significant' distress, representing 469,006 businesses nationally, was matched across the UK.

Looking at the financial health of businesses compared with the same period in 2017, the North East put in a relatively strong performance with an increase of just 2% in the number of businesses experiencing the early signs of distress, compared with a UK wide rise of 5%.

The region also outperformed the rest of the UK when looking at the more advanced 'critical' distress (which monitors symptoms of more serious financial problems such as businesses which have had winding up petitions or county court judgements of more than £5,000 taken out against them). In the North East, there was a fall of 26% since

the previous quarter compared with a rise of 1% nationwide. Year on year, the region saw a drop of 4% in the number of businesses in the North East suffering from 'significant' distress, while it grew by 33% across the UK.

When comparing the performance of sectors in the North East, almost every one had seen a fall or no increase in 'significant' distress since the same period the previous year. The only sectors which displayed marginal increases quarter on quarter were bars and restaurants (3%); financial services (2%); and manufacturing (1%). While there had been increases in the early signs of distress compared with the same period of 2017, most of these were in the single figures except for sports and health (11% rise); and hotels and accommodation (10% rise).

Gillian Sayburn, director at Begbies Traynor's Newcastle upon Tyne office, said: "It is encouraging to see North East businesses remaining steadfast in the face of prolonged economic uncertainty with drops in both early and advanced distress since the second quarter of the year. Despite fears of falling consumer confidence having a negative drag, it appears that the region is outperforming most of the UK."

Picture: Gillian Sayburn, director at Begbies Traynor Newcastle