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R3

Professional services sector distress in Yorkshire falls this month



The proportion of professional services firms in Yorkshire at higher than average risk of insolvency fell between December and January, following a slight rise in the previous month.

The latest research from insolvency and restructuring trade body R3 shows that the the proportion of professional services firms in Yorkshire deemed to be at higher than average risk of insolvency fell by 0.5% in January, following falls in October and November. In Yorkshire, 50% of professional services firms are currently in the higher risk category, representing over 1,900 of the over 3,800 professional services firms regionally.

Looking across the UK, professional services firms in London (45.9% at higher than usual risk), Northern Ireland (47.4%) and the South West (48%) put in the strongest performances. While levels of distress in the Yorkshire professional services sector are slightly higher than the UK-wide figure of 49%, the region fared better than many areas, with Wales (51.5%) and the South East (51.4%) having the highest proportion of firms in the sector at higher than average risk.

R3 found that, across all business sectors, 42.8% of all UK companies were at higher than average risk of insolvency in January, with Yorkshire only slightly above this figure at 44.4%. The region outperformed the national average in a number of sectors

including pubs (34.5% at higher risk in Yorkshire, compared with 35.2% nationally) and restaurants (33.2% at higher risk in the region, 34.5% nationally).

Eleanor Temple, chair of R3 in Yorkshire and a barrister at Kings Chambers in Leeds, said: “With ongoing uncertainty around Brexit and fears of a slowdown in the UK economy, many businesses have been keeping a tight hold on the purse strings and this includes spend on professional services advice. What’s more, digitalisation and increasing competition are also presenting additional challenges to the sector.

“We are fortunate in Yorkshire to have such a vibrant community of professional advisers, but they too need to be aware of financial pressures within their own businesses. If the economy does see a downturn, as is being widely predicted, the informed advice of professional services experts will be more important than ever in helping businesses to weather the storm.”

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.

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