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R3

Yorkshire businesses see fall in insolvency risk across most sectors



In March, there was a month on month fall in the proportion of Yorkshire businesses at greater than average risk of insolvency, according to the latest research by insolvency and restructuring trade body R3.

Of the 11 sectors surveyed by R3, eight in the region saw a drop in the proportion of businesses deemed to be at elevated risk of insolvency in the next 12 months between February and March. Hotels saw the most marked improvement, with a month-on-month fall of almost 1%. Of the over 670 active hotels in Yorkshire, around 240 are considered to be at greater than usual risk of insolvency, equating to 35.7% of the region's hotels, slightly above the UK-wide figure for the sector of 33.4%.

Retail also showed resilience, with a 0.3% drop in levels of businesses at higher than normal risk in the region since last month. There are now nearly 6,200 retail businesses in Yorkshire considered at greater than usual risk, representing 41.3% of the retail sector here compared with 38.5% across the UK as a whole.

In Yorkshire, the only sectors of those monitored by R3 to see an increase in levels of businesses at higher than normal risk since last month were professional services (up 1.2%), tourism operators (up 0.6%) and pubs (up 0.5%).

The proportion of all UK businesses considered at heightened risk was 42.9%, compared with 44.5% of all businesses in Yorkshire. The poorest performing region was the South East, with 46.8% of businesses at higher risk, while Scotland put in the strongest performance with just 35.7%.

Eleanor Temple, chair of R3 in Yorkshire and barrister at Kings Chambers in Leeds, said: “These latest figures are encouraging, continuing to show a slowly improving economic picture in the region as levels of businesses at elevated risk of insolvency stabilise after steadily rising throughout 2018.

“It’s interesting that despite the glitch in public confidence amid the Brexit uncertainty, it is the consumer-facing sectors such as hotels and retail which appear to be showing the strongest signs of recovery in Yorkshire after a tough time last year. The region appears to be holding its own and is even beating the national average for levels of enhanced risk in the pubs and restaurant sectors.

“However, if your business is seeing early warning signs of financial distress, do seek professional advice as soon as possible when the most options will be available to prevent the problems from escalating.”

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: Eleanor Temple