

Newman & Partners

Licensed Insolvency Practitioners

RECOVERY & REVIVAL BULLETIN

Welcome to the latest issue of our Recovery and Revival Bulletin, designed to keep you up-to-date on insolvency matters that may be of interest to you. If you have any feedback on this bulletin, or would like to know more about our services or how we can help you, please contact us on 020 8357 2727 or at insolvency@newmanandpartners.co.uk

One in five UK estate agents now at risk of insolvency

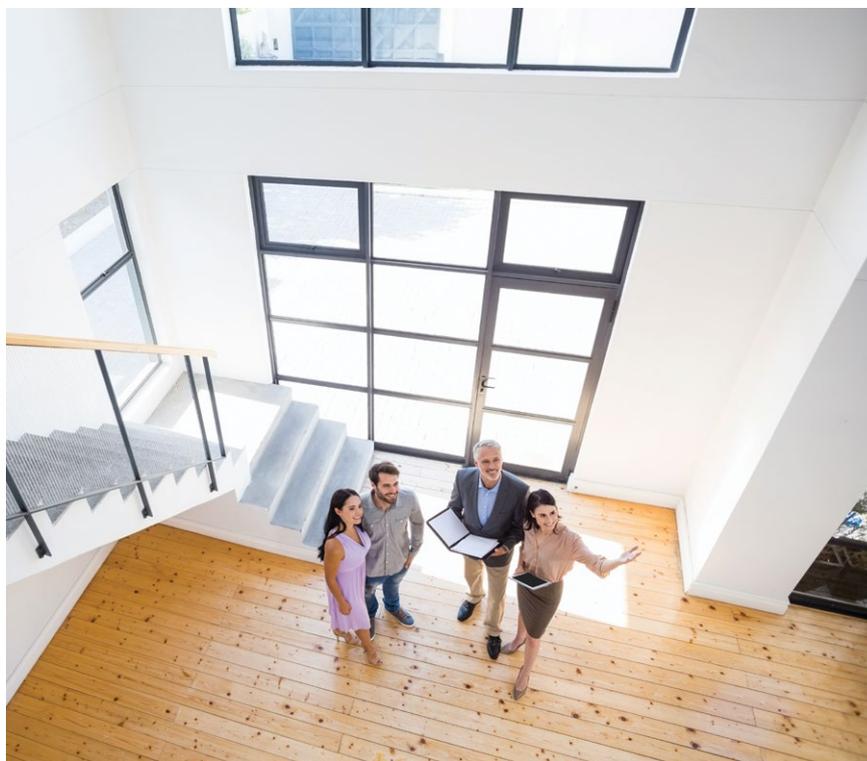
A worrying new report has revealed that almost one in five of the UK's traditional high street estate agents are facing a very real risk of insolvency. According to new research, 19 per cent of such agencies have experienced a 'squeeze' on their finances in recent months – suggesting that approximately 5,000 of the UK's 25,560 high street agents are teetering on the brink of financial distress.

The news comes at a particularly bad time for such businesses, as separate research suggests that the property market is stagnating, with sales falling significantly in recent months, presumably as a result of ever-rising property prices coupled with political and economic uncertainty.

In fact, the latest data from HM Revenue & Customs (HMRC) suggests that, on a non-seasonally adjusted basis, the number of property transactions recorded in July was down by 12,320 – with just 119,820 deals recorded in comparison with the 107,500 noted in June. Meanwhile, other data suggests that the number of property transactions is yet to return to the level recorded before the 2007/08 financial crash.

Some estate agents have suffered drastic falls in profits, with Foxtons reporting that their revenue in the first quarter (Q1) of 2017 was down by as much as 64 per cent. Foxtons' Chief Executive Nic Budden blamed the fall on "unprecedented economic and political uncertainty," according to reports.

Meanwhile, Countrywide – which owns many prominent UK agency groups such as Baird & Eves and Mann & Co – said that its profits were down by an astonishing 98 per cent in Q1. Commentators have raised concerns that the rise in popularity of internet-based competitors such as Zoopla and Rightmove has dealt a significant blow to many traditional high



street agents. In fact, at a time when many of the UK's prominent agencies are on the brink of insolvency, online property group Rightmove has reported a 10 per cent increase in its profits in the six months to June 2017.

Our team at Newman and Partners can provide help to you if your client is struggling with debt issues.

To find out more about our services, please contact us.

2.9 million Britons estimated to be in ‘severe financial difficulty’

A prominent charity recently estimated that some 2.9 million Britons are currently grappling with ‘severe financial difficulty’, after research found that consumer borrowing through credit cards, overdrafts and new car loans recently hit more than £200 billion. Day after day, reports in the media are warning that the UK is facing a burgeoning consumer debt problem, with The Guardian noting that today’s record-high debt levels have not been seen “since the global financial crisis almost a decade ago.”

According to the latest figures from the Bank of England, consumer borrowing grew by 10 per cent in June 2017, reaching approximately £201 billion – the highest figure on record since 2008. Meanwhile, separate research from the British Retail Consortium (BRC) suggests that credit card debt is growing increasingly commonplace across the UK, with the continued popularity of contactless transactions spurring on a ‘binge spending’ trend.

In a report published in August, the BRC said that 1.4 billion card payments were recorded in June 2017, representative of a 12 per cent annual increase and, again,

the highest figure on record since 2008. In recent months, consumer spending and borrowing have both been spiralling out of control, and various organisations have voiced concerns that an increasing number of Britons could be at risk of personal insolvency.

Some have warned that the burden is, for some people, becoming too much to bare – and in turn is having a negative impact on peoples’ mental health. In early August, one very distressed woman, Ms Sharon Bull, appeared on ITV’s This Morning programme to warn of the dangers of mounting debt. Sharing her personal experiences, the

55-year-old from Sutton-in-Ashfield told the show’s presenters that a ‘spending addiction’ had left her with debt upwards of £50,000, which significantly affected her mental health and left her battling suicidal tendencies until she was later able to seek advice and turn her life around.

Our team at Newman and Partners can provide help to you if your client is struggling with debt issues or facing insolvency. Such concerns are always best explored at the earliest possible opportunity. To find out more about our debt management services, please contact us.

HMRC’s minimum wage push could force more companies into insolvency

Throughout the 2017/18 financial year, HM Revenue & Customs (HMRC) will be receiving an additional £5.3 million in funding to ensure that all UK businesses are paying their employees the national minimum wage (NMW) and national living wage (NLW). The news, which was revealed as part of the Government’s latest Labour Market Enforcement Strategy in August, will result in both tougher action against employers who are found to be non-compliant and new resources to catch out those who are breaking the law.

The news comes shortly after Sir David Metcalf, Director of Labour Market Enforcement who also oversees HMRC’s NMW enforcement team, opened a further consultation into how bad practices among employers can be tackled, amid concerns that HMRC “needs to do more” to confront the issue.

Inevitably, HMRC’s latest minimum wage push is likely to force many already-struggling companies into insolvency during an already difficult time. The problem could very well be exacerbated following Mr Metcalf’s consultation, which includes one recommendation that, in some cases,

high street companies or small and medium-sized enterprises (SMEs) should be held jointly accountable in instances where abuses of the law are unveiled among their suppliers. This means that business not necessarily responsible for breaking the law themselves could be hit with hefty penalties and sanctions capable of pushing them to the brink.

Currently, Mr Metcalf’s ideas remain mere suggestions, but with an additional £5.3 million being pumped into NMW-compliance and enforcement, businesses can surely expect to see HMRC stepping up its game over the coming months.

Under existing rules, HMRC can issue civil penalties of up to 200 per cent of the arrears owed per worker up to £20,000 for non-compliance. Meanwhile, companies thought to be breaking the law can face ‘naming and shaming’ and criminal investigations in relation to any NMW failings.

Providing the right advice to your clients during a period of political uncertainty and financial difficulty is crucial, and concerns regarding insolvency are always best explored sooner rather than later. To find out more about our proactive services, please contact us.

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