

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

Data reveals sharp rise in personal insolvencies last year

The latest official insolvency data has revealed a 13 per cent increase in personal insolvencies in 2016 owing to a growing amount of unmanageable debts. Last year a total 90,930 people in England and Wales found themselves becoming insolvent, according to the Insolvency Service's figures.

The increase in insolvencies in 2016, when compared to the previous year, was primarily the result of Individual Voluntary Arrangements (IVA), which allows an individual to repay creditors over a period of five years. However, the numbers, although rising, remain well below the peak level of insolvencies reached in 2010.

Last year also saw an increase in bankruptcies, particularly in the last quarter, where there was a seven per cent increase. This is believed to be the result of a new system in England and Wales that allows bankruptcy applications to be made online, without the need to go to court. The shift from court to internet applications, introduced in April 2016, was designed to eliminate any stigma associated with having to attend official proceedings.

Shortly after the figures were released, Mark Carney, the Governor of the Bank of England warned that "vigilance" was needed over rising levels of debt and that there had been a "shift" in the levels of personal unsecured borrowing, which is rising at its fastest rate for a decade.

Recent Bank of England figures showing consumer borrowing rising at the fastest pace in 11 years support his comments. They also show that the amount of outstanding personal debt, excluding mortgages, hit £192 billion at the end of last year – the highest level since December 2008. It is estimated that the



average household in the UK now owes a record amount of £12,887, excluding mortgages, and with inflation growing due to a weakened pound there are concerns that some families and individuals may struggle in the near future.

Our team at Newman and Partners can provide help to you if your client is struggling with personal or corporate debt issues. To find out more about our pro-active services, please contact us.

Increasing number of oil and gas companies facing insolvency

New research suggests that a record number of oil and gas companies became insolvent in 2016, while many UK independents continue to face financial woes. A total of 16 notable oil and gas companies went under last year, up from just two industry insolvencies recorded the previous year. In 2012, not a single firm operating in the sector went bust in comparison.

Commentators have suggested that the upward trend in sector insolvencies is directly linked to the ongoing political backlash against fossil fuels. Late last month, The Renewable Energy Association (REA) called upon the Government to address its lack of progress in meeting pre-agreed renewable energy targets for 2020, after damning EU data revealed that the UK was 'lagging behind' other European nations. Across the globe, the energy sector is facing ever-mounting pressure to go green.

Meanwhile, industry experts have indicated that a recent collapse in oil prices has pushed a number of independent oil and gas businesses to the 'breaking point' – and will continue to do so unless

prices begin to rise in coming months. Internationally, oil prices have remained low throughout December and January – suggesting overseas oil firms are also likely to have found themselves facing complications.

In April 2016, research carried out by business recovery body R3 found that companies in Scotland in particular had high insolvency levels in the oil, gas and manufacturing sectors, while all across the UK, oil and gas firms were facing difficulties refinancing loans. Reports suggest that numerous banks are investigating the possibilities of cutting their exposure to what has been described as a 'struggling sector'.

Providing the right advice to your clients



during a period of economic uncertainty is crucial, and concerns regarding bankruptcy or insolvency are always best explored sooner rather than later. To find out more about our proactive services, please contact us.

Manufacturing sector fears financial struggles into 2017

Small and medium-sized enterprises (SMEs) operating in the manufacturing sector fear that they will face financial struggles in 2017, as the costs of importing goods increases and uncertainty looms around trade agreements following rumours of a so-called 'Hard Brexit'.

Late last year, Bibby Financial Services published their Q4 SME Confidence Tracker, which found that almost a third (29 per cent) of businesses in the manufacturing sector were worried about inflating import costs – while 18 per cent feared that they were facing increasing pressure from competitors. A further 11 per cent said that they felt their ongoing struggles with late payments could push their business to breaking point.

David Postings, global chief executive of Bibby Financial Services, stressed that manufacturers reliant on importing their goods to sell predominantly in the UK would see their "margins significantly eroded" in 2017. He added that such businesses were facing a growing "challenge of maintaining profitability while remaining price competitive".

He said: "This equation is causing a headache for many businesses and we are seeing many SMEs start to tighten their belts and pull back investment."

His comments were evidenced by the Q4 SME Confidence Tracker, which found that on average, UK manufacturing firms had more than halved their investment projections for the first three months of 2017. Meanwhile, a separate study carried out in the West Midlands in January previously suggested that the manufacturing sector was the most economically 'vulnerable' nationwide in 2016 – with 33 firms in that region alone entering administration last year.

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



with debt issues or facing insolvency. We can also offer proactive advice on personal bankruptcy and corporate insolvency. To find out more about our debt management services, please contact us.

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