

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

Estate agents increasingly facing insolvency as online competition grows

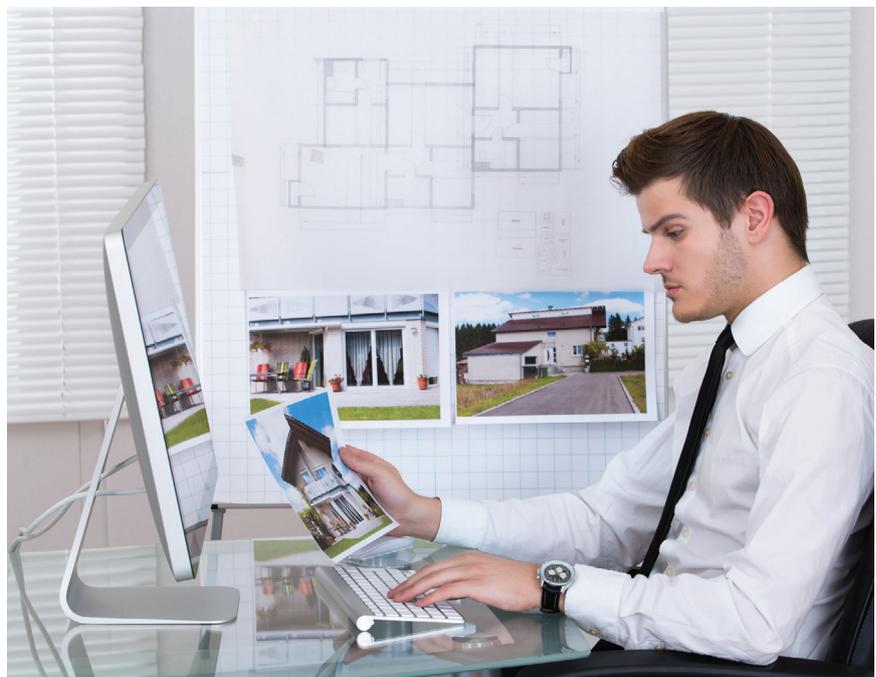
In recent weeks, new research has revealed that an increasing number of traditional high street estate agents are running into financial distress. According to figures cited in *This Is Money* magazine in July, as many as 153 agents were forced to shut-up shop in May, while thousands more admitted that they were struggling with financial woes.

The research comes at a time when high street estate agents are grappling with a number of challenges, with property prices beginning to slow down and a controversial Government ban on letting fees just around the corner. However, according to the report, the number one issue pushing traditional agents closer towards insolvency is the ongoing success of 'online-only' competitors such as Emoov and Purple Bricks.

Approximately 7,000 high street agents were "showing signs of financial distress" earlier this summer, with some – such as Countrywide – being forced to renegotiate with their investors in a bid to secure enough funds to clear their debts, reports reveal. Countrywide has this year issued two profit warnings within the space of just six months, while rival agent Foxtons has reported a 15 per cent fall in its revenues.

In the years ahead, it is thought that a ban on letting fees charged to tenants – which is expected to take effect next spring – will further squeeze the finances of struggling high street agents, who are largely reliant on the numerous service fees they charge to house-hunters to keep their businesses afloat.

Commentators have voiced concerns that agents will struggle to pass on



letting fees to landlords, and may need to re-assess their business models in a bid to reduce their overheads and find new ways to make ends meet. Meanwhile, further concerns have been raised that online-only agents are increasingly undercutting traditional agents'

commission rates – and effectively 'poaching' their potential customers.

Our team at Newman and Partners can provide help to you if your client is struggling with debt issues. To find out more, please contact us.

Women more likely to address their debt problems than men, study finds

Comprehensive new data published by the Insolvency Service has revealed that, throughout 2017, women were more likely to address their debt problems than men. Perhaps more interestingly, however, analysis of historic data indicates that 2017 was in fact the fourth consecutive year that a significant 'gender insolvency gap' was noted.

The figures reveal that overall, the insolvency rate rose in all UK regions between 2016 and 2017, standing at 21.4 individuals per 10,000 adults, up from just 19.7 in 2016. This is representative of the highest level on record since 2014.

At 22.6, the individual insolvency rate per 10,000 adults was higher for women than for men, whose insolvency rate was 20.2 in comparison. However, the report found that women were more likely to consider Debt Relief Orders (DROs) and Individual Voluntary Arrangements (IVAs) – indicating that women who are facing financial distress are more likely to address their debt problems and explore their options than their male counterparts.

The research also cast light on a number of unusual regional trends, revealing

that Stoke-on-Trent in central England is the 'debt capital' of the UK, followed by Plymouth, Hull and Scarborough, with more than double the national average of people entering into insolvency in each of these three cities.

Meanwhile, at the other end of the scale, eight out of the 10 places with the lowest number of people with debt problems were London boroughs, led by Westminster and Kingston-upon-Thames, with only nine people per 10,000 entering into insolvency.

Commentators noted that the sharp increases in the number of people struggling with debt problems in recent years had largely been driven by low interest rates, payday loans and increasing use of personal contract plans for buying cars.

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.



Business rates weighing heavily on clothing stores

Hundreds of thousands of UK fashion retailers are experiencing 'significant' financial distress as business rates, rising costs and ongoing changes to the National Living Wage (NLW) continue to weigh heavily on their finances, a new report reveals.

According to up-to-date figures, a staggering 472,183 high street clothing stores reported financial complications in the second quarter (Q2) of 2018 – representative of a nine per cent quarter-on-quarter rise. Interestingly, fashion-sector firms were not the only high street retailers to be affected, with the number of general retailers facing financial woes up by four per cent during the same period.

On a regional basis, the figures reveal that clothing retailers in the South and South East of England were hit hardest by financial distress in Q2. In many cases, fashion businesses in these regions have been forced to increase their prices and

reduce their profit margins in order to plug shortfalls in their cash flow, reports reveal.

Insolvency experts have voiced concerns that the ever-increasing cost of business rates is weighing particularly heavily on retailers in the fashion and clothing sector, with up-to-date forecasts suggesting that under existing plans, business rates increases will cost UK firms an additional £5 billion by 2021/22.

The concerns come at a time when the business community is calling on the Government to reform business rates, by making the existing regime both simpler and more flexible for small and

medium-sized enterprises (SMEs) that are struggling. In July, a survey carried out by Close Brothers Asset Finance found that more than half (56 per cent) of small firms had seen their business rates bills increase sharply in the past two years – while 71 per cent felt that the Government ought to do more to address the problem.

Providing the right advice to your clients during a period of financial difficulty is crucial, and any 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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