

Distress levels rise for Humber businesses with state of the economy pushing many to the brink

High interest rates, together with persistently high inflation and a weakening economy, are combining to push increasing numbers of businesses across the Humber region to the brink.

The latest Red Flag Alert data from leading independent business rescue and recovery specialist Begbies Traynor has found combined distress rates in the region had risen rapidly quarter on quarter, up 12.2 per cent. Almost 2,000 businesses are affected.

Across the UK, combined business distress increased by 9.8 per cent from Q2 to Q3, and 4.4 per cent year on year. Very severe, or 'critical', distress was up by 25 per cent from April to July, leaving 37,722 firms nationally facing major financial problems, with marked deterioration in key financial ratios and indicators including those measuring working capital, contingent liabilities, retained profits and net worth.

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Andrew Mackenzie, partner at Begbies Traynor in the Humber region, said: "Inflation is still extremely high, despite the recent fall, and firms in the Humber region and across the country are facing continued rises in the costs of running a business, as well as the challenges of weakening customer

demand and high borrowing costs.

“These blows are now pushing many businesses to the brink and are made harder to cope with by the fact that many firms’ finances are in a vulnerable state as a result of the covid pandemic, followed swiftly by the cost-of-living crisis.



Andrew Mackenzie, partner at Begbies Traynor in the Humber region.

(Image: Begbies Traynor)

“It goes without saying that for any business owners who are beginning to experience financial difficulties, seeking professional advice can mean the difference between charting a route back to financial health, or the problems accumulating to become insurmountable.”

According to the report, support services, general retail and health and education, were the sectors that saw the highest numbers of Humber businesses in financial distress.

More than 260 support services providers in the region were suffering financial distress, an increase of 16 per cent. General retail accounted for 160 of the 1,995 cases identified, while health and education covered 109 firms, up 38 per cent.

Across the region, manufacturing, industrial transportation, food and drink production, as well as sport and health clubs, saw distress levels fall from the previous quarter.