

Historic firm Cleveland Bridge on brink of collapse with debts of £21m

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The historic Cleveland Bridge has debts of £21m and an 'estimation error' on its main project has brought it to the brink of collapse, a new report reveals.

An administrators' report has revealed that an error on the £11m scheme which made up the majority of the historic Darlington firm's work at the start of this year is one of the factors that pushed the 144-year-old company to the brink.

Last week administrators FRP said the company was [likely to close by the end of next week](#) after its attempts to find a buyer were not successful.

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Their report details how its Saudi Arabian owners the Al Rushaid Group (ARPIC) refused to support the business through a funding crisis. Debts totalling more than £21m have been revealed.

The report highlights a number of factors that pushed Cleveland Bridge into administration, including delays on projects in the pandemic, the need to pay overtime and agency

staff when work resumed, rising steel costs and delays on a major project in Sri Lanka due to a political coup.

They also highlight an “estimation error on one contract (which) resulted in a £11m project achieving a zero gross profit.”

Cleveland Bridge’s debts have been totalled at £21.7m and include £2.2m to finance company 4Syte, which provided emergency funding to the company when its troubles first emerged. Other major debtors include HMRC, which is owed £3m, the Arab National Bank (£6m) and UK Export Finance (£2m).

Locally, Darlington Borough Council is owed nearly £400,000 and Gateshead steel firm Spartan UK is owed £1m.

The report says: “On 16 July 2021 Phil Heathcock (finance director) contacted representatives of FRP to advise that ARPIC had declined to provide any further financial support to the company. Mr Heathcock advised that the company would therefore be unable to pay wages the following week and that he now considered insolvency inevitable.

“All options including liquidation, company voluntary agreement and administration were considered and ultimately it was decided that the best way to preserve value was to seek a buyer for some or all of the company’s business and assets through an administration process.”

Cleveland Bridge, known for its work on the Sydney Harbour Bridge and Middlesbrough’s Transporter Bridge, as well as London’s Shard and Wembley Stadium, dates back to 1877 and was employing more than 300 staff before the administration.

Last week FRP said talks with a potential purchaser had not progressed to the point where the buyer had shown the ability to proceed, meaning the 104 remaining staff and 29 on furlough are likely to be made redundant next week.

Local politicians, including Tees Valley mayor Ben Houchen, have hit out at the company's owner and management teams.

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