

Metnor Construction collapses into administration with all 80 jobs lost

A total of 80 jobs have been lost after administrators were officially appointed at long-standing North East firm Metnor Construction.

Steven Ross and Allan Kelly of specialist business advisory firm FRP were appointed as joint administrators to the Killingworth construction and engineering firm on Tuesday, following weeks of discussion. The firm – a former Tyneside and Northumberland company of the year – was founded in 2002 and was a principal contractor on private and public sector construction projects, including private residential schemes, healthcare, student accommodation, hotel and leisure, and commercial projects.

The firm's parent group had recently hailed a significant bounceback from Covid in most recent accounts covering 2021 with turnover up from £48m to £63m and the previous year's operating loss of £2.4m was converted to profit of £942,000. But the administrators said the business suffered significant financial challenges in recent months following contract losses and the pressure on profit margins from rising input, labour and raw material prices and supply issues against fixed-price contracts.

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Prior to the appointment, all 80 staff of the business were made redundant and the business ceased to trade. The administrators will now focus on winding down the business, realising assets and engaging with creditors.

Steve Ross, partner at FRP and joint administrator, said: "Rapid inflation is causing havoc on the profit margins of businesses across the economy. Metnor Construction was a long-established and major main North East building contractor that has delivered on significant projects across the UK but wasn't immune to the impact of rising costs, which ultimately led to its insolvency.

"Regrettably, the business is unable to continue trading and sustain the workforce. We're working with impacted staff to make applications to the Redundancy Payments Services and maximise recoveries from the assets."

Recent years had seen Metnor Construction rack up a huge number of contracts in private residential, care homes, hotels and leisure, data centres and retail sectors. Previous projects include three leisure centres in London, Leicestershire and North Norfolk, data halls in Welwyn Garden City and Wembley, a PRS scheme in Rugby and two hotels in the North East. It has also been involved in the construction of Corbridge Primary Care Centre, Cramlington Hospital and Beverley Medical Centre.

Metnor Construction forms part of Metnor Group which also operates mechanical and electrical specialist Norstead Limited and electrical services and pressure testing Metnor Great Yarmouth. The firm's head office is in Killingworth but it also has operations in Maidenhead, Great Yarmouth and Aberdeen, and employee numbers in most recent accounts showed a drop from 188 to 169 staff.

During the pandemic the parent group actioned a number of cost saving measures, as the impact of site closures was keenly felt, which included a redundancy programme to reduce the workforce by 10%. Accounts for Metnor Construction highlighted how cost-saving measures initiated in 2020 had been effective, and that the workforce number was maintained, but the average number of employees in 2021 was 65, down from 80.

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