

South West firms entering administration leap by half

The number of South West companies collapsing into administration in 2022 jumped by more than half as rising inflation, weaker trade and geopolitical uncertainty continued to put businesses under pressure.

A total of 100 companies in the region fell into administration last year – up from 64 companies in 2021 – analysis of notices in the *Gazette* public record by business support firm Interpath Advisory has revealed. The increase is a rise of 56% on the previous year but is still below the pre-pandemic figure of 166 in 2019.

Lee Swinerd, director and head of Interpath's Bristol team, said the longer-term outlook remained "highly uncertain and rather gloomy" despite new figures released by the Office for National Statistics confirming the UK economy grew by 0.1 % in November.

He said: "2022 came as a body blow for many businesses who had been hoping for a year of respite following two years' of disruption caused by the pandemic. Instead, spiralling inflation, rising interest rates, faltering consumer confidence, political turbulence and weaker cross-border trade served to pile on even more pressure."

Nationally, a total of 1,039 companies fell into administration in 2022 – up from 710 companies in 2021 – but the figure is lower than the 1,422 that went bust in 2019. A wide range of sectors were impacted, with retail and casual dining firms experiencing particular challenges as the year drew to a close.

There were 96% more filings for insolvency (100 appointments) in the retail sector in comparison to 2021, and 67% more

filings (70 appointments) in the leisure and hospitality industry.

The pandemic and broader economic headwinds have made the last few years a particularly tough period for those working across the UK retail and hospitality sectors, with [a number of high-profile administrations in recent months](#) such as Joules, AMT Coffee, and Byron Burger – familiar names to many consumers and some of the UK's best-known brands.

And while retailers benefited from an increase in sales in the busy trading month of December – rising by 6.9% compared with a year earlier – the British Retail Consortium attributed much of the increase to high inflation pushing up the value of goods, masking weaker sales volumes.

Mr Swinerd said: “Businesses in the retail and casual dining space continue to face one challenge after another – from rising input costs and interest rate rises, to supply chain disruption and staff shortages, not forgetting falling consumer spend due to the spiralling cost of living.

“Many are also finding that they have surplus stock on their hands, as demand has dampened and inventory levels have continued to rise. We continue to watch those all-important Christmas trading updates with interest. Those that have under-performed may need to take decisive action in the coming weeks and months.”

Interpath Advisory said it expects to see more administrations in 2023 and a growing number of firms being forced to restructure amid the economic uncertainty.

“The silver lining – if one could call it that – is that while the duration of any downturn is expected to be long, the dip is expected to be shallow,” Mr Swinerd added.

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