

Hundreds of jobs at risk as NatWest-backed roofing supplier Avonside caves in

Hundreds of jobs have been put at risk after a roofing services company backed by NatWest Group collapsed into insolvency proceedings.

Sky News understands that Avonside Group, which is based in Manchester, is expected to formally appoint liquidators on Tuesday after attempts to find a rescue buyer failed.

Avonside employs 450 people on a full-time basis, with a further 1,200 contract labourers on its books.

The company's collapse underlines mounting concerns about the wider UK economy, with data published on Tuesday showing that construction activity contracted in August for the second consecutive month.

Begbies Traynor Group, the restructuring firm, had been seeking to complete a takeover of Avonside last week.

People close to the process said parts of the group could yet be sold, salvaging an undisclosed number of jobs.

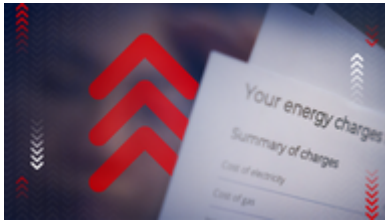
NatWest is said to have lent £12m to the company.

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Insiders said the taxpayer-backed lender had rejected a proposal from Core Capital, its private equity shareholder, to inject new funding into Avonside, leaving its directors with no choice but to appoint administrators.

NatWest is said to believe that it is likely to recover more of its loan through an insolvency process, although a person close to the bank insisted it was a “director-led process”.

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The lender is sensitive to the failure of corporate clients after years in which it was dogged by scandal over its treatment of small and medium-sized business customers in the wake of the 2008 financial crisis.

As well as roofing, Avonside installs plumbing, heating and solar power on behalf of leading housebuilders such as Taylor

Wimpey.

Its biggest shareholder is Tony Burke, its executive chairman, although he is said to have fallen out with other investors in recent months.

Avonside's demise is understood to relate to a combination of inadequate financial controls and underperforming acquisitions, which triggered breaches of its banking covenants.

Core Capital, which has held a stake in the company since 2017, declined to comment.

NatWest also declined to comment.