

Research among R3’s insolvency profession members shows there has been a significant increase in existing and new clients requesting support on how to manage reduced demand for their products and services.

Clients are also asking for guidance on how they can manage working capital shortages in cashflow forecasts. Meanwhile, a surprise fall in the number of corporate insolvencies across the country does not yet reflect the effect of the pandemic on businesses, according to the Eastern branch of R3. Insolvency Service figures show that there were 732 company insolvencies in England and Wales in June, lower than in May and a 50 per cent drop on the figure for June last year. It was driven by a sharp reduction in the number of creditors’ voluntary liquidations and fewer administrations.

R3 Eastern chair Alistair Bacon, of AMB Law in the region, said: “The statistics still do not reflect the harm that the pandemic is wielding on businesses due to two key factors: the time lag between setting up and entering corporate insolvency processes, and the government’s valuable safety net of business support measures.” He added: “In reality, the economic contraction in April and May shows that consumer spending had halted, and consumer confidence was unsurprisingly low during both months, with no real improvement in June. Business owners are naturally worried about the health of the economy over the next year and, ultimately, about their own financial survival.”