



Surge in personal debt despite stronger economy

Data from The Insolvency Service revealed that in the last 12 months, one in every 541 adults became insolvent. This represents the first increase in incidents of personal insolvency in two years.

Spring 2016 saw a massive increase in the number of people becoming insolvent with more than 22,500 applying for some form of insolvency, according to the latest official figures. Between April and June this year the number of people who became insolvent increased by more than a fifth compared with the previous year's figures, despite higher employment and a stronger economic situation.

This large increase in the second quarter was a result of a significant leap in Individual Voluntary Arrangements (IVAs), a set of agreements where money is shared between creditors. During this period 12,225 IVAs were recorded – an increase of 42.7 per cent compared with a year earlier, and 15.4 per cent higher than the previous quarter.

The data also shows 6,741 Debt Recovery Orders (DROs) – aimed at people with lower levels of debt but no realistic prospect of paying it off – were taken out. This is a 15.6 per cent

increase on the previous year and a 0.3 per cent rise on the first quarter of 2016.

However, during this period the number of bankruptcies fell to 3,537 – an 11.2 per cent fall on a year earlier and a 5.4 per cent decline when compared with the first three months of 2016. This is mainly as a result of the changes to thresholds for bringing bankruptcy petitions.



Ambulance service provider announces redundancies amidst cash flow problems



An ambulance company has warned staff that they could face redundancy due to contractual and non-payment issues.

Thames Ambulance Service has informed its employees based in Sussex, that it is owed more than £700,000 by Coperforma, which runs the service.

Coperforma lost its transport contract last week after widespread complaints from both patients and subcontractors.

Thames Ambulance Service explained how it had covered staff wages since June, even though it had not received any payments from Coperforma for the work carried out.

In a letter from Thames, staff were informed: "It is with deep regret that we now have to advise that we simply cannot afford to continue providing services without receiving payment for the work we have done."

Thames has admitted it now has no option but to begin a redundancy consultation process and

it was likely all its Sussex-based staff would be made compulsorily redundant.

A spokesman for Coperforma Limited said: "Whilst it is true to say that Thames Ambulance Service have alleged that we are indebted to them, this is disputed where we believe that we have been overcharged under the terms of our contract with them."

"Our solicitors are in correspondence with Thames' lawyers about this matter. Although we endeavour to keep suppliers paid promptly, we cannot, of course make payments to any supplier where services are not provided."

Gary Palmer, of the GMB union, said: "I hope the Clinical Commissioning Group (CCG) will not waste any more public money on handing such an unprofessional organisation anything but a notice to immediately quit Sussex for good."

As part of our comprehensive outplacement services, Birchwood can provide bespoke advice to employers. For more information, please contact us.

More High Street redundancies on the horizon as M&S reveals 30 stores will close

High Street retail giant, Marks and Spencer, has revealed it plans to close 30 of its UK clothing and home stores, whilst converting dozens more into food outlets.

Chief executive Steve Rowe has announced that as part of his plans to revitalise the M&S brand, he will oversee the opening of 200 new Simply Food shops as the retailer moves away from disappointing clothes sales.

M&S has also announced that it intends to close loss-making stores in ten overseas markets, including China and France.

In total, 53 international stores will cease trading, including all ten in China, half of the stores in France and all M&S outlets in Belgium, Estonia,

Hungary, Lithuania, the Netherlands, Poland, Romania and Slovakia.

That represents more than a quarter of the international stores that M&S fully owns, and will cost £150m-£200m. The company said it would start a consultation with 2,100 employees over the proposals.

At the end of September the retailer posted falling sales and profits for the past six months of trading. Clothing sales in existing stores fell 5.9 per cent, while its stronger performing food business saw sales drop by 0.9 per cent.

Pre-tax profits dropped 88 per cent to £25.1m, from £216m in the same period a year ago, partly due to higher pension costs.

Commenting on the UK store closures, Mr Rowe said: "This is about building a sustainable, more profitable business that's relevant for our customers in a digital shopping age."

As yet Mr Rowe has not revealed how many job losses will result from the store closures, the locations of which are not yet known. However, trade unions have stated that M&S staff will be "extremely concerned about where the axe will fall".

It is predicted that in five years' time, M&S will have around 60 fewer clothing and home outlets.

As part of our comprehensive outplacement services, Birchwood can provide bespoke advice to employers. For more information, please contact us.

Birchwood Investment Management Limited does not take any responsibility for the consequences of any action taken or refrained from as a result of this newsletter. The Financial Conduct Authority does not regulate advice on tax or trust planning.



www.birchwoodinvestment.com

