



Engineering firm's ambitious expansion plans fail as it enters administration

An engineering consultancy firm, which counted London's prestigious 2012 Olympic Park amongst its clients, has collapsed with the loss of 65 jobs.

Newark-based Morgan Tucker, which also had international offices in the Czech Republic and Oman, blamed "severe financial pressures" and a failure to find new investment for its trading problems.

The firm provided specialist engineering design services for highways, transport and infrastructure projects, including the design and delivery of freight logistics for the London 2012 Olympic Park.

Morgan Tucker, which was established in 2005, initially had just four employees but experienced significant growth. By April 2015 the firm was employing around 100 staff and at the start of 2016 it moved into larger premises.

Back then, the firm's regional director, Gary Bridges was in a buoyant mood, claiming that the expansion was the result of a large number of business wins, with private equity investor Foresight Group providing £1 million to help fund acquisitions, amidst ambitious plans to further double the workforce.

However, in February 2017 Mr Tucker stepped down, claiming that the business needed 'fresh blood' and just four months later the company entered into administration.

A spokesman for Foresight Group told the Nottingham Post: "Morgan Tucker had experienced organic growth initially in the UK, however it suffered significant losses when expanding into the Middle East.

"It is with considerable regret that the decision [to appoint administrators] was made at a meeting of the company's board last week."

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Tesco jobs hang in the balance

Supermarket giant, Tesco has announced plans to cut 1,200 jobs at its head office in the latest stage of redundancy announcements, which comes just days after it revealed plans to close its call centre in Cardiff with the potential loss of 1,100 jobs.

This is the fifth such announcement that the retailer has made in 2017 alone. It is believed that around one quarter of staff at Tesco's Welwyn Garden City and Hatfield offices face redundancy. In addition, it is expected that a number of jobs at the Birmingham Tesco's One Stop Head Office in Birmingham and at its technology and retail support centre in India will also be lost.

In February this year, Tesco announced plans to reduce night shifts for shelf stackers, with an estimated loss of 3,000 jobs.

The supermarket has made no secret of the fact that it is seeking to make substantial cost savings and the latest job cuts mean that, since the arrival of Chief Executive, Dave Lewis, in

2014, Tesco has reduced its workforce by around a third.

Following the announcement of the Cardiff call centre closure, Ken Skates, the Welsh National Assembly's Economy Secretary told BBC Wales: "Tesco are in no doubt about our deep disappointment at their decision and the way they have gone about telling not only the Welsh Government but the workers," he told BBC Wales.

"We are deploying the React programme to make sure that those people who could face losing their jobs get all the support they need to get back into work.

"We are also engaging with other companies in the Cardiff City region to find opportunities for people who could be affected.

"We are already hearing from the likes of BT, British Gas and Admiral about opportunities for those workers who could be affected."

Tesco has confirmed that it proposes to close the Cardiff CEC in February 2018 and has already begun a three-month consultation with those affected.

Philip Benton, an analyst at Euromonitor told The Telegraph: "Cutting 1,200 jobs at HQ is more of a surprise than the closing of one of its call centres which cost 1,100 jobs, but remains part of Lewis' overall strategy of protecting profit above all else.

"The commitment from the UK Government to increase minimum wage to £7.50 per hour has prompted many businesses to prioritise investment in technology over labour. It is likely that Tesco won't be the last UK retailer to announce a series of job cuts over the coming months," he said.

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Insolvency body warns of a rise in zombie businesses

A long-running survey which tracks business distress in the UK, has found that thousands of businesses are on the brink of financial ruin, with many business owners claiming that a rise in interest rates could push them over the edge.

According to the insolvency and restructuring trade body R3, 79,000 UK businesses believe they would be unable to settle their debts if interest rates were to go up.



This represents a four-fold rise, compared with the research's findings less than a year ago which found 20,000 businesses in a similar position in September 2016.

The research also discovered that 96,000 companies were only keeping their heads above water by paying just interest on their debts.

Other business distress indicators which R3 has been regularly measuring include:

- Regularly using maximum overdraft (8% of UK businesses)
- Decreased sales volumes (7% of UK businesses)
- Decreased profits (7% of UK businesses)
- Fallen market share (6% of UK businesses)
- Making employees redundant (2% of UK businesses)

Andrew Tate, a spokesperson for R3, commented: "This is the first increase in the number of businesses worried they would be unable to cope with an interest rate rise since 2014, and it coincides with a period of slower

than expected growth and a small rise in corporate insolvency numbers.

"UK firms have faced a challenging 2016 and early 2017: the sharp fall in the pound has made things difficult for importers, while a rising National Living Wage and the roll-out of pensions auto-enrolment have added to businesses' running costs."

He added: "Only paying the interest on debts is not necessarily a sign that a business is in distress: it may be that a company is taking advantage of low rates to invest in its operations or assets. But only repaying the interest is also a common characteristic of a 'zombie business' – a business only able to keep going because of an ultra-low cost of borrowing and with little chance of survival.

"The research shows that there are tens of thousands of firms currently walking a very tight line. Rising inflation may also lead to a double-whammy for struggling businesses: it may increase the chance of the Bank of England raising interest rates, and it would undermine the consumer spending that has driven the economy over the last year."

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