



## One fifth of high street estate agents now at risk of collapse

A report has revealed that almost one fifth of traditional high street estate agents are facing the risk of insolvency.

According to new research, 19 per cent of agencies have experienced a 'squeeze' on their finances in recent months – suggesting that around 5,000 of the UK's 25,560 high street agents are teetering on the brink of financial distress.

The news comes at a particularly bad time for this sector, as separate research suggests that the property market is stagnating, with sales falling significantly in recent months.

The number of homes bought and sold in the UK fell again between July and August, providing further evidence the property market is stagnating.

Some estate agents have suffered drastic falls in profits as a result, with London and Surrey-based Foxtons reporting that their revenue in the first quarter (Q1) of 2017 was down by as much as 64 per cent.

Foxtons' Chief Executive Nic Budden blamed the fall on "unprecedented economic and political uncertainty," according to reports.

Meanwhile, Countrywide – which owns many prominent UK agency groups such as Bairstow Eves and Mann & Co – said that its profits were down by an astonishing 98 per cent in Q1.

Commentators have raised concerns that the rise in popularity of internet-based competitors such as Zoopla and Rightmove has dealt a significant blow to many traditional high street agents. At a time when many of the UK's prominent agencies are on the brink of collapse, online property group Rightmove has reported a 10 per cent increase in its profits in the six months to June 2017.



# Supermarket giants shed thousands of jobs as part of cost-cutting measures

Sainsbury's is the latest supermarket giant to announce job losses, after revealing that it plans to axe 2,000 store and back office roles, as part of a £500 million cost cutting drive.

Amongst the jobs set to go are 1,400 store-based clerks and 600 back office staff, as its HR department undergoes a complete restructuring.

"The UK grocery market is changing at a rapid pace and it's crucial that we transform the way we operate to meet future challenges and continue to provide customers with best in

class service," said a Sainsbury's spokesman.

The news follows announcements made by Tesco in the summer that it intends to make 2,300 staff redundant as part of its cost-cutting programme. The job losses include 1,200 roles at its head office and 1,100 positions at its Cardiff call centre.

Asda has admitted that it too is under pressure. Many of its workers are either facing redundancy or a dramatic cut in their working hours as the UK's third-largest supermarket chain looks to rein in costs.

The big supermarket chains are under pressure following an increase in market share by the German grocery discounters, Aldi and Lidl.

"We believe most of the ongoing revenue gains by the discounters will come at the expense of the 'big four'," said David Beadle at Moody's.

"The only uncertainties are the extent to which inflation and population growth soften the blow of this hit to revenue, and how the loss of market share will be spread out."

## Brexit – a timely reminder on how to handle employee relocation

The ongoing uncertainty regarding Brexit and how it will affect international businesses with operations here in the UK, has shone a spotlight on the issues of employee relocation.

By law, employers are required to notify their employees of their permanent place of work in their contract of employment but if a mobility clause is included, particularly if it includes relocation overseas, then there is less likelihood that a case can be brought for constructive dismissal.

Even where there is no mobility clause, courts have ruled that an implied mobility clause exists if relocation is within travelling distance of the employee's home.

An important distinction here is the journey time rather than straight line distance – whilst an employee might reasonably be expected to travel 21 miles to work, across London on the tube, the same cannot be expected on a ferry from Dover to Calais!

The case of *Prestwick Circuits Ltd v McAndrew* provides a useful reminder to build in a sensible consultation period when proposing relocation.

In this particular case, the employer attempted to transfer one of its employees, giving just three days' notice.

The employee refused to move and agreed

to sign a resignation letter, however the employee later made a formal complaint, saying that he was constructively and unfairly dismissed.

The Court of Session upheld an Employment Tribunal's earlier ruling of unfair dismissal, stating that the short notice period was a fundamental breach of the employment contract.

Relocating to another part of the UK or abroad always presents challenges which is why it makes sense to ensure employment policies are kept up to date and specialist outplacement support is sought in the event that redundancies are necessary.

## Defence sector suffers decline following order losses

BAE Systems is the latest defence sector contractor to announce major job losses, with the news that it plans to cut nearly 2,000 jobs.

The defence manufacturer, which is also responsible for Britain's nuclear submarines, has blamed the cost-cutting measures on a poor order book for its Eurofighter Typhoon jet. It has stated that it hopes to achieve the reduction in positions by voluntary redundancies where possible.

Its aerospace base at Warton, Lancashire will see the largest number of job losses, with 750 positions expected to be gone. Brough in East Yorkshire will see 400 roles disappear.

A further 340 dockyard cuts will impact Portsmouth, with 245 job losses at its RAF bases at Marham in Norfolk, Leeming in North Yorkshire, and the remaining 150 roles from its sites in London, Guildford

and other cyber-intelligence sites.

Although Qatar recently signed a letter of intent to buy 24 Typhoons and six Hawk aircraft from BAE, the Typhoon has attracted fewer orders than expected.

BAE has also blamed financial pressures on the UK Government's decision to take the RAF Tornado fleet out of service in 2019.

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