

2025  
Q1



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## Quarterly Snapshot Company Turnaround in the UK

This quarterly update from The Institute for Turnaround covers activity in the turnaround and restructuring sector, as well as levels of company distress and key business pressures. The update includes an analysis of company data provided by FRP Advisory<sup>1</sup> and information from a survey of IFT partners.

**Adapt. Transform. Succeed.**



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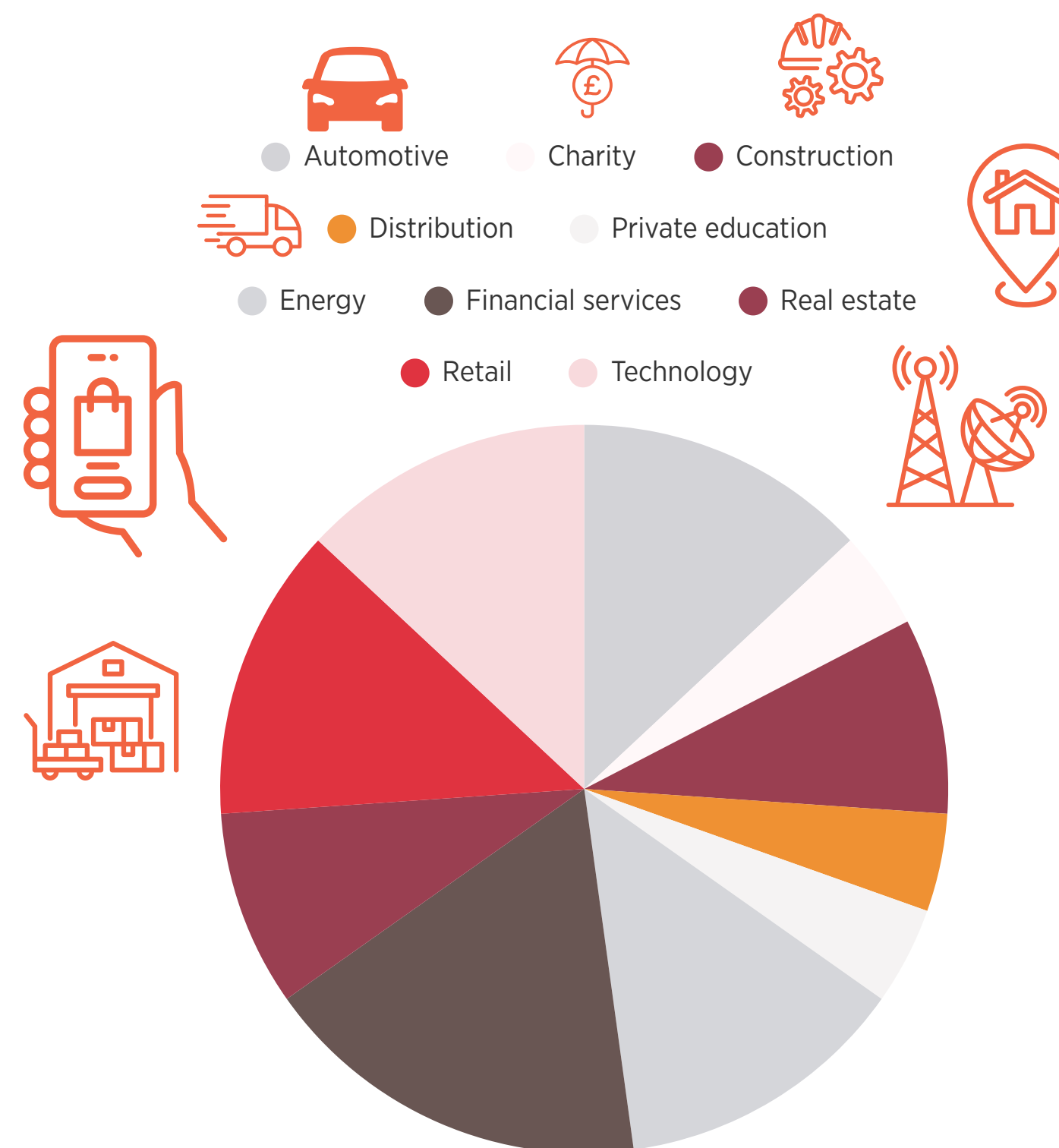
# Headline Summary

IFT survey data showed a mixed picture for turnaround and restructuring activity in Q1 2025. 67% of survey respondents were busier in Q1 than in Q4 2024, with 17% seeing about the same level of activity and 17% a decrease in activity.<sup>2</sup>

In sector terms, the busiest sector for IFT partners in terms of turnaround and restructuring activity in Q1 2025 was the financial services sector, followed by energy, automotive, retail and technology, which were equally busy. Levels of turnaround and restructuring activity in the construction sector had fallen however compared to Q4 2025.

Looking at the most common factors driving business distress in Q1, interestingly debt maturity was the most common factor seen by IFT partners, cited by 50%. After debt maturity, there was an even split across a number of different factors, seen by a third of IFT partners, including: inflationary pressures, the cost of servicing debt, the depletion of working capital, supply chain issues and withdrawal of shareholder support and funding. A third also mentioned the impact of market uncertainty and volatility in relation to tariffs.

## Which sector has been the busiest in the last quarter?



1 Quarterly figures are provisional and are likely to be subject to revision in later quarters.

2 Due to rounding figures may not total 100% exactly.

## Context

According to FRP Advisory data, across all regions in Q1 2025 there were 5747 insolvencies. This was a decrease of 7.5% from the Q4 2024 figure (6213) and of 9.5% from the Q3 2024 figure (6347).

However, there was a further increase in numbers of distressed companies to 185,734, according to FRP. This continues a sustained increase in distress over recent periods and represents a 2.2% increase on the Q4 2024 figure, and a 3.6% increase from Q3 2024.

Insolvency Service statistics for March 2025 (after seasonal adjustment) showed 1,992 registered company insolvencies in England and Wales, a 2% fall from the previous month of February 2025 but 9% higher than in March 2024 (1,826).<sup>3</sup>

## Where is distress focused?

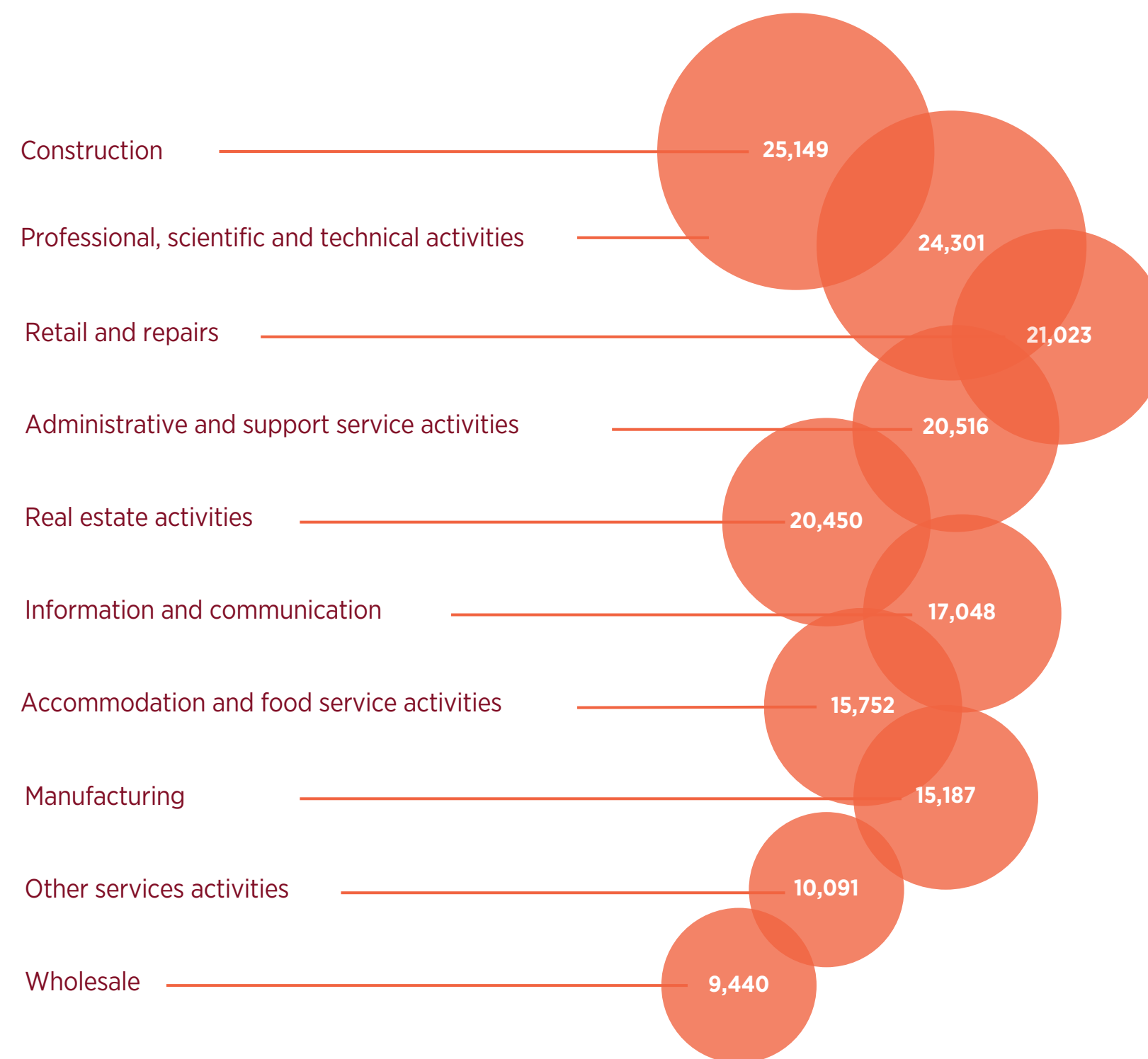
From FRP data, **construction** continued to be the sector seeing the highest number of insolvencies for Q1 2025, the same as the previous quarter. This was again followed by the accommodation and food service activities and administrative and support service activities sectors. Again, the same three sectors from Q4 2024 continued to show the most businesses in distress in Q1 2025: construction; professional, scientific and technical activities<sup>4</sup>, and retail and repairs sectors.

Regionally, the North West continued to show the most insolvencies for the third quarter in a row while the South-East showed the highest number of companies in distress for Q1 2025.

<sup>3</sup> [Commentary - Company Insolvency Statistics March 2025 - GOV.UK](#)

<sup>4</sup> Including businesses involved in law, consultancy, architecture, engineering, research and veterinary activities.

## Top 10 sectors for companies in distress



Source: FRP Advisory analysis



## Demand for turnaround expertise

As noted above, Q1 2025, showed a somewhat mixed picture in relation to turnaround and restructuring activity, with 67% of IFT survey respondents seeing an increase in turnaround/restructuring activity, 17% about the same level of activity and 17% a decrease in activity. This is the first quarter in which some of our IFT partners have reported seeing a decrease in activity, though it is unclear the reasons behind this. It could reflect the highly uncertain wider environment weighing on businesses' ability to decide which approaches to implement, or a more positive quarter (with UK GDP growth of 0.7%) with sales and investment "crowded in" before the impact of policies such as tax changes or implementation of tariffs.

In sector terms, the demand for turnaround support being greatest in financial services may reflect some of this volatility as well cost increases putting pressure on people-heavy professional services firms, as seen in the wider distress data. Looking more broadly, the spread of sectors seeking support reflects the wide ranging impact of both geopolitical and policy factors. Factors cited by IFT partner firms as reasons for business distress include debt maturity as the most common, closely followed by a number of other matters which were frequently cited, including inflationary pressures, the cost of servicing debt, the depletion of working capital, supply chain issues and withdrawal of shareholder support and funding.

## Are there any common reasons or themes across your engagements in each sector?







## In Conclusion

In Q1 2025 we can see continuing uncertainty for businesses and difficulties across a range of sectors and factors.

Continued macro-uncertainty and likely less strong UK growth than we saw in Q1 as we continue through 2025 will provide more challenges for the increasing numbers of UK businesses experiencing financial distress.