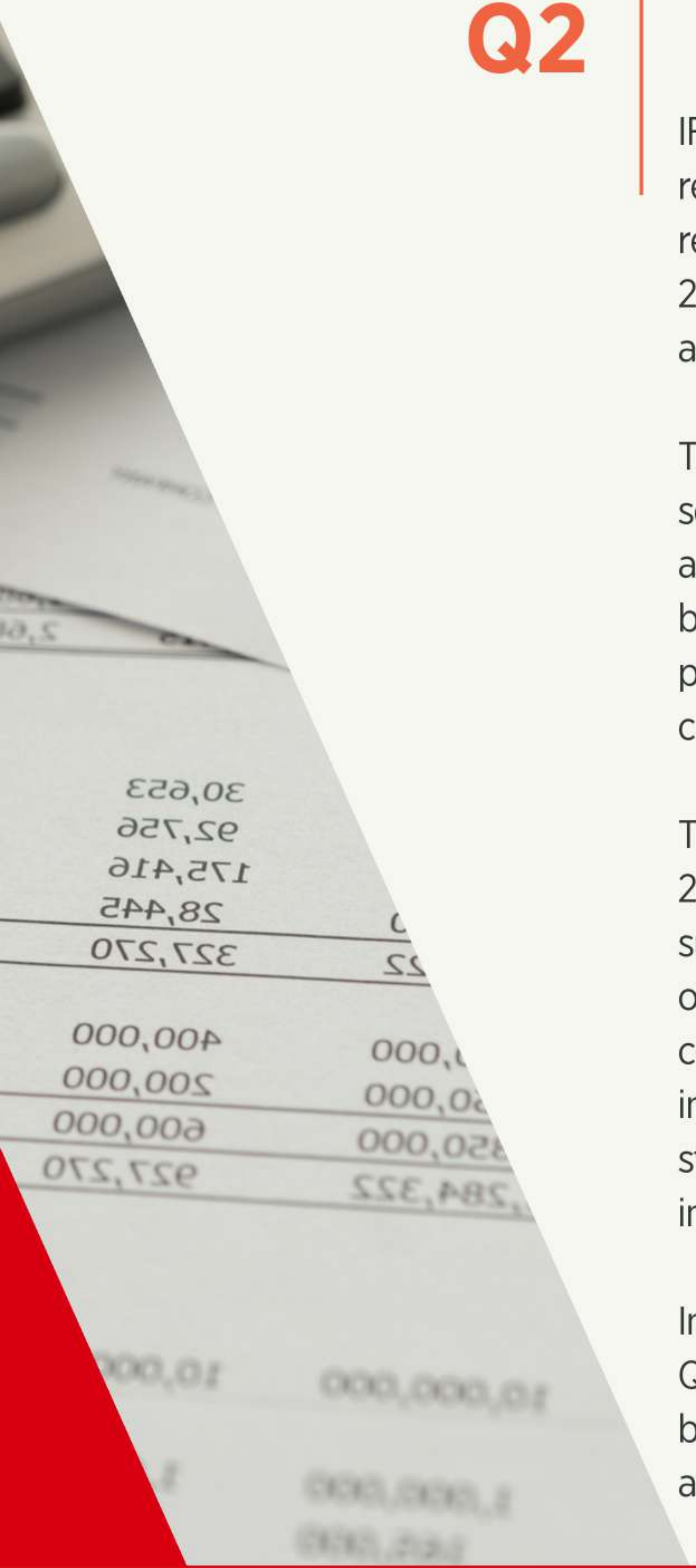
2026
Q2

Published August 2026, covering Q2 2026

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 business distress and key business pressures. The update includes an analysis of company data provided by FRP Advisory[1] and information from a survey of IFT partners.

Adapt. Transform. Succeed.



2026 Q2 | Headline Summary

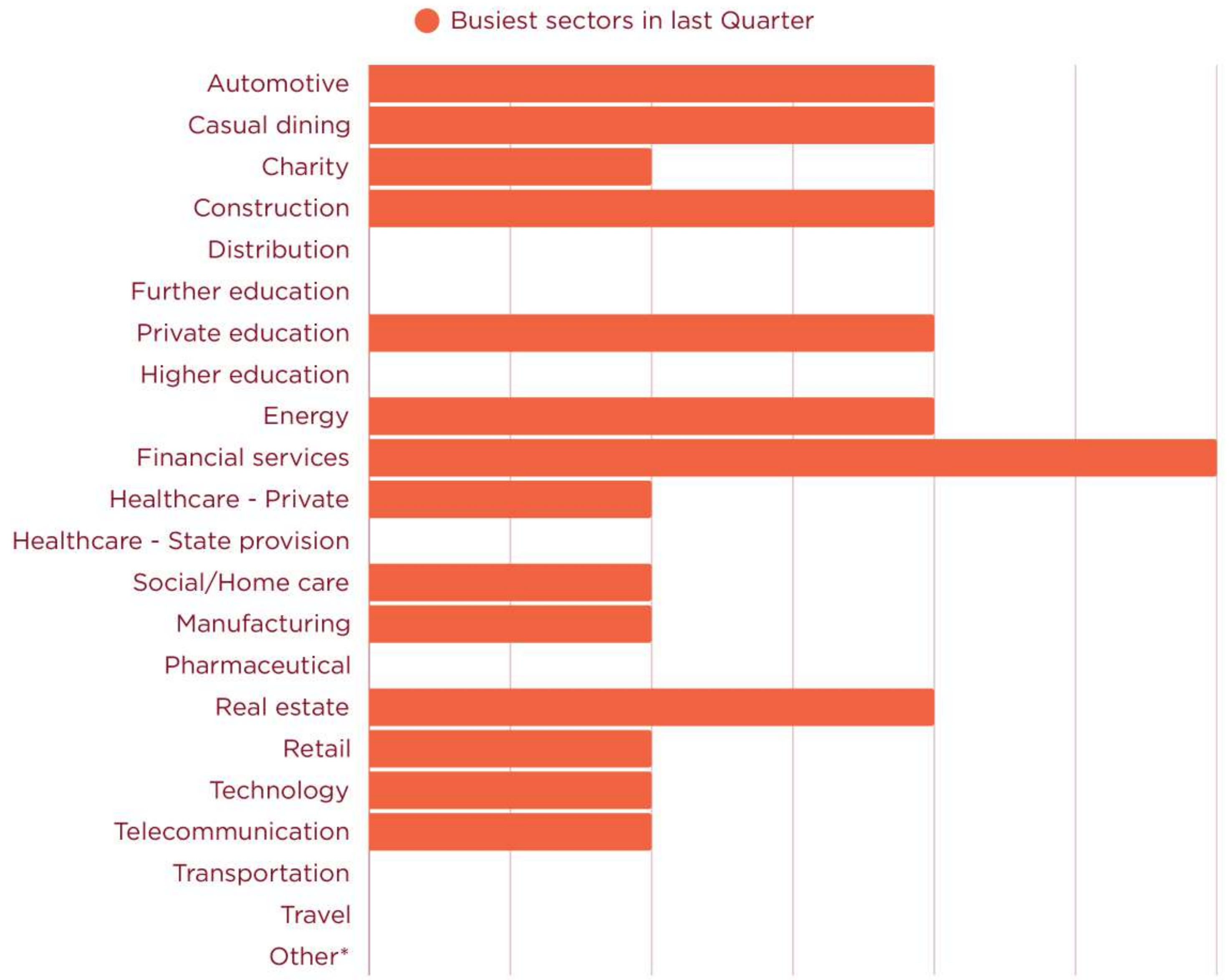
IFT survey data showed a steady level of turnaround and restructuring activity in Q2 2026, with 67% of survey respondents reporting about the same level of activity in Q2 2026 as in Q1 2026 and the rest 33% reporting increased activity levels.[2]

The busiest sector for IFT partners in 2026 was financial services, with 50% of respondents reporting high levels of activity (repeating a theme from Q1 2026). This was followed by automotive, casual dining, construction, distribution, private education, energy, and real estate which were each cited by a third of respondents.[3]

The top theme or reason for businesses in distress for Q2 2026 cited by IFT partners was withdrawal of shareholder support/ funding (cited by 67%). This was followed by cost of servicing debt (cited by 50%). This may reflect a continuing challenging macroeconomic climate, where investors may be reaching the limits of ongoing support to struggling businesses and/or which has led to more cautious investment decisions.

In reflection of this, 50% of survey respondents noted that in Q2 they were dealing with financial reviews, indicating businesses reviewing their positions and future strategies in an uncertain environment.

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 Based on a survey of leading turnaround firms that collectively employ at least 300 individuals in turnaround and restructuring.

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

Context

According to FRP Advisory data, across all UK regions in Q2 2026 there were 5641 insolvencies. This represents a decrease of 8% compared to the Q1 2026 figure (revised figure of 6121) and a fall of 13% compared to Q2 2025.

There was a very small decrease in the number of distressed companies for Q2 2026 in FRP data to 186129, a 0.4% decrease compared to Q1 2026 (186839) and 0.2% increase compared to Q2 2025. This represents a marginal easing of distress levels; however, it is to be seen if the level of distress continues to decrease in later quarters.

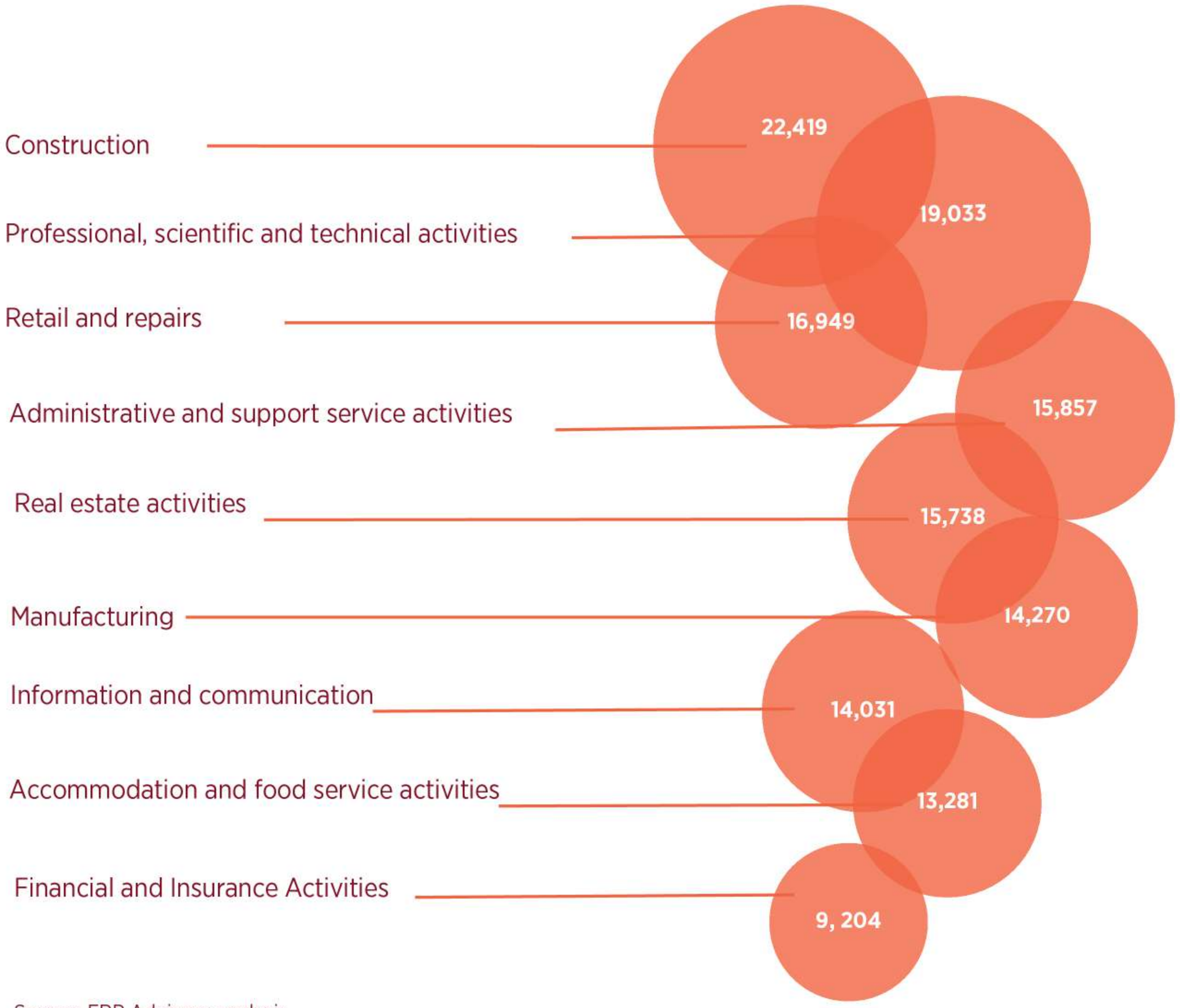
The Insolvency Service statistics for June 2026 (after seasonal adjustment) showed 1,845 registered company insolvencies in England and Wales, broadly flat compared to the previous month but 10% lower than the same month in the previous year (2,048 in June 2025)[4].

Where is distress focussed?

Construction, Accommodation and Food Service Activities followed by Administrative and Support Service Activities remained the sectors reporting the highest levels of insolvencies for Q2 2026. Construction and Professional, Scientific and Technical Activities[5] remained the two sectors with the highest number of companies in distress. Retail and Repairs had the third-highest number of companies in distress (16,949), replacing Real Estate Activities, which ranked third in Q1 2026.

Regionally, the South East overtook the North West as the region with the highest number of insolvencies in Q2 2026 (975). Furthermore, the South East also continued to report the highest number of companies in distress.

Top 10 sectors for companies in distress



Source: FRP Advisory analysis

4 https://www.gov.uk/government/statistics/company-insolvencies-june-2026

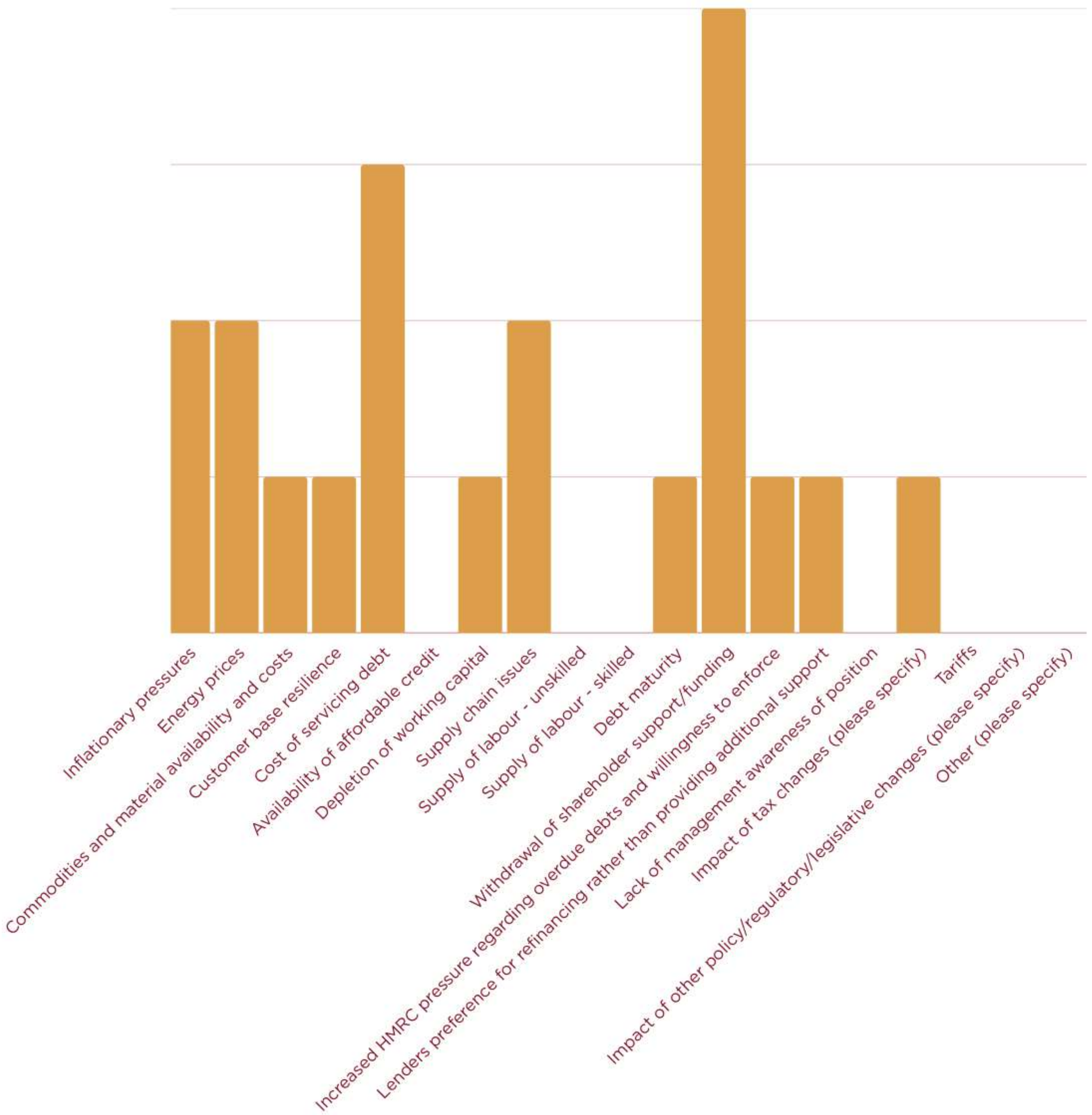
5 Including businesses involved in law, consultancy, architecture, engineering, research and veterinary activities

Demand for turnaround expertise

67% of IFT respondents saw about the same level ofturnaround/ restructuring activity in the quarter and the rest reported higher activity than usual. The financial services sector in Q2 continued to experience strong demand for turnaround activity, as in Q1, indicating the continuation of some of the impacts of subdued capital raising, regulatory trends and industry-specific redress schemes noted in Q1.

At the same time, the construction sector continues to report high levels of insolvencies and business distress, suggesting continuing well-publicised challenges in the sector, including elevated labour and material costs, regulatory challenges and project delays. Overall, the broad spread of sectors seeing demand for turnaround and restructuring support in Q2 2026 indicate many sectors seeking support in the face of continuing geopolitical uncertainty and increased costs, despite initial UK GDP growth of 0.4% for Q2 2026.

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



In Conclusion

While overall insolvencies fell in Q2 2026 compared with both Q1 2026 and Q4 2025, the total number of companies in distress decreased only marginally and remained slightly above Q2 2025 levels, indicating that underlying economic pressures have not significantly eased. Continued uncertainty is reflected in the withdrawal of shareholder support and the cost of servicing debt being cited as the leading causes of distress, while construction and advisory-led sectors continue to face sustained pressure. The UK now moves through the remainder of 2026 amid a change in political leadership, with businesses awaiting greater clarity on the future direction of economic policy, while dealing with cautious investment, higher borrowing and operating costs, and wider macroeconomic uncertainty. Overall, therefore it is uncertain whether further improvement will be seen in the figures for distressed and insolvent businesses.