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Focus Insolvency News

- 1st choice for debt and cash flow problems

Issue 16: April 2013



Hello

Welcome to our April edition of Focus Insolvency News.

Firstly I hope you all had a good long Easter weekend break. We examine this month the increasing trend of energy company debts as people struggle to cover even their basic bills, we also report on the recent changes to charging orders. But first we look at the latest figures by the Office of National Statistics regarding UK industrial production and the possibility of avoiding another recession.

In company news we bring you the results of the Focus 400 Charity challenge for Joining Jack, our charity of 2013!

Remember if you have any suggestions, ideas or comments on the stories and information we feature then please do get in touch, we'd love to know what you think, drop me an email, or you can contact us on our [twitter](#), [facebook](#) or [Google+](#) pages.



Anthony Fisher MIPA, FABRP
Licensed Insolvency Practitioner
Managing Director



UK Industrial production increases in February



Industrial production rose by more than expected in February raising hopes that a triple dip recession can be avoided.

The Office for National Statistics said that industrial production rose by 1% in February compared with January but was still down 2.2% on the same period last year. Manufacturing output, one of the components of Industrial production rose 0.8% on January.

However trade figures showed the UK trade deficit widened in February.

The overall production index was boosted by the biggest rise in the production of gas and electricity since October, assisted by a prolonged period of cold weather.

All areas that make up the overall industrial production figure – including mining and quarrying, energy supply and waste management – saw an increase in February, the first time this has happened since July 2012.

Despite month on month improvements in February, overall industrial output is still only at the same level as September last year suggesting stagnation. Economists say however that it could be enough to avoid a slip into a second successive period of declining growth.

The UK economy shrank 0.3% in the last three months of 2012, weak industrial production being the main issue. If it shrinks in the first quarter of this year then it will mean the UK is back in recession for the third time in five years.

The National Institute of Economic and Social Research said it expected GDP to grow by 0.1% which would mean that recession has been avoided.

They said, "Our estimates suggest that both production sector output and the broader economy were broadly flat in the first quarter of this year."

Five million households in debt to energy companies



A recent study by uSwitch, the energy comparison website has concluded that one in five households are now in debt to their energy company, an increase of over one million in the past year.

The research showed that UK consumers now owe an average of £637m to energy firms, a 6% increase on last year.

Ann Robinson, director of consumer policy at uSwitch, said: "The soaring number of households in debt to energy suppliers is a clear indication of the pressure people are coming under just to meet the cost of their basic bills."

More than 2000 bill payers were surveyed in February concluding that the average total owed to energy firms has fallen by £8 to £123 following price cuts last year. However the study warns that this could easily increase again due to price increases over winter and the recent unseasonable weather.

Just over one fifth of people in debt said they were “turning a blind eye” to it in the hope that the debt would eventually decrease over time. A similar amount of people planned to pay off the debt with a lump sum while 45% said they would increase their direct debit payments.

Ms Robinson said that customers could decrease their energy bills by choosing to pay by direct debit as most companies offer discounts for paying by this method. She also urged people to take regular meter readings as relying on estimated bills can be a “shortcut to debt”.

Charging order threshold introduced



New regulations that came into effect on 5th April now mean that creditors can secure a debtor’s property against unsecured debts as low as £1,000.

A much higher threshold of £25,000 was promised by the government in the coalition agreement in 2010 and the move to reduce this to £1,000 has prompted wide spread criticism, the worry being that such a low threshold will lead to a huge increase in charging orders with other creditors taking similar action once one

has obtained one.

However justice minister Helen Grant told Parliament in January that a high threshold on charging orders would only encourage creditors to seek bankruptcy as an alternative. She went on to say that more debtors lose their homes in bankruptcy than with charging orders and so encouraging a bankruptcy route by having a higher threshold would lead to a worse outcome.

FIG Blog: Administration



We look back this week at our series of blogs about the options available to insolvent limited companies by looking into how [Administration](#) works.

You can read the [full article](#) and all our past articles and press releases on the [Focus Insolvency Group blog](#).

The Latest UK Personal Debt Statistics

- **£54,017** was the average household debt (including mortgages) in February
- **£166m** was the daily amount of interest paid on personal debt in February
- **8,192** new debt problems were dealt with by the CAB each working day over the year to December
- **1,454 people** were made redundant every day between November and January
- **887,000 people** had been unemployed for over a year between November and January
- **£10.92m** of loans are written-off daily by UK Banks and Building Societies
- Every **17 minutes 7 seconds** a property is repossessed
- Every **5 minutes 12 seconds** someone will be declared insolvent or bankrupt
- **£1.373 billion** was the daily value of all plastic card purchases made in January

Focus 400 Charity Challenge - Complete!



During March, together with celebrating the acquisition of Phil Stone Consultancy, we set out to run, jog or walk the equivalent distance between our two offices in [Wigan and Newhaven](#) in aid of our charity of 2013, [Joining Jack](#). That's just over 400km or 252 miles!

But that wasn't enough for us, we were so determined to accomplish our goal we reached our 'destination' 10 days ahead of schedule and so ambitious were we that we decided to make the return trip 'home' attempting to cover another 252 miles in the remaining time.

We can proudly announce that on 28 March we completed our increased goal with a well-deserved and celebratory walk to the pub achieving a total collective distance of 526.2 miles.

All the staff involved put in a massive effort in the last week of the challenge, some even walked and ran to and from work to add up the miles!

We would like to reflect this huge achievement in the amount we raise for Joining Jack and so we just wanted to remind you that our [Just Giving donation page](#) is still active and accepting donations and will be for the next few weeks. The charity appreciates every single penny towards its goal to find a treatment and cure for [Duchenne Muscular Dystrophy](#) so please dig deep and show your support!

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Digital Company Brochure Available

We would like to draw your attention to our digital company brochure. It can be viewed on our [website](#) or be downloaded as a PDF by clicking the icon on the right. We hope you find it a useful source of information about the services Focus Insolvency Group can offer to you and your clients.



Contact Focus Insolvency Group

If any of your clients have been affected by the stories in our newsletter or need advice on any other matters, please feel free to contact us on 01257 251319 or email a.fisher@focusinsolvencygroup.co.uk

Focus Insolvency Group deals with corporate matters, whilst Debtfocus helps struggling businesses and consumers and Moneyfocus raises finance on the general market. Our restructuring arm, Phil Stone Consultancy, can help businesses internally to restructure the company with or without formal insolvency proceedings.

We pride ourselves on being the experts of choice for anyone struggling in business or with debt.

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