# Corbyn Construction enters administration amid construction sector’s rising insolvency crisis



Administrators have been appointed for Corbyn Construction, a specialist in groundworks and reinforced concrete frames based in east London. The announcement, made on 21 May by David Hudson and Philip Armstrong of FRP Advisory, marks a significant moment for a company that once boasted a pre-tax profit of £435,000 from a £32.8 million turnover in the year ending June 2023. However, this relatively positive figure follows a tumultuous year, wherein the firm reported a pre-tax loss of £5.1 million against revenue of £46.1 million.

In its recent accounts, Corbyn expressed optimism regarding its order book, deeming it "satisfactory." Yet, this was somewhat undermined by the concerning revelation that the company ended the financial year with a meagre £570 in cash reserves, alongside a substantial debt burden of £3.6 million owed in bank loans and overdrafts, all due within 12 months. Although Corbyn managed to reduce its long-term bank loans from £1.8 million to £530,000, the overall financial landscape remained precarious.

The construction sector continues to grapple with insolvency issues, having been identified as the industry most affected. According to recent data from the Insolvency Service, 4,111 construction firms collapsed in the year leading up to 31 March 2025, resulting in the sector accounting for 17% of all insolvencies in the UK. This represents a slight decline from the previous year's 4,274 failures, although the high level of insolvencies highlights persistent underlying challenges.

Factors contributing to the turmoil in the construction industry include rising inflation, increased minimum wages, and elevated national insurance contributions. Geopolitical risks have further strained supply chains, while heightened demands on working capital have propelled a surge in mergers and acquisitions. Notably, January 2025 witnessed corporate insolvencies in the UK reach a five-year high, reflecting a pattern in which high debt burdens and economic pressures have led many companies, particularly in construction, to the brink of insolvency.

The latest challenges facing Corbyn exemplify a broader trend within the sector. Many companies are struggling with fragile supply chains and an aging workforce, alongside the pressing need for investment in technology. As rising tariffs and inflation continue to affect cost management, businesses are increasingly finding themselves in a "perfect storm" of financial instability, compounded by the need for strategic restructuring to remain viable.

In light of these factors, Corbyn's situation is emblematic of a sector in crisis, where the fallout from previous economic conditions is only just becoming apparent. Major clients of Corbyn, including prominent construction firms such as Galliford Try, Hill, and Taylor Wimpey, will no doubt be monitoring the developments closely, as the impacts of such administrations ripple through the industry.

As the construction landscape evolves, companies must navigate a cautious path forward, working to address existing debts while capitalising on opportunities presented by a stabilising market. While Corbyn's administration may signal a turning point for its stakeholders, it also serves as a stark reminder of the fragility of businesses operating in today's economic climate.

### Reference Map

1. Information regarding Corbyn Construction's administration, financial details, and historical performance.
2. Context on corporate restructuring due to economic pressures.
3. Broader statistics on insolvencies in the construction industry.
4. Impact of rising inflation and costs on construction companies.
5. The creation of a challenging environment for the construction sector.
6. Challenges of high debt burdens and fragile supply chains faced by many companies.
7. Overview of construction sector insolvency rates.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.constructionnews.co.uk/financial/administrations/london-groundworks-specialist-calls-in-administrators-22-05-2025/> - Please view link - unable to able to access data
2. <https://www.ft.com/content/857846eb-edb0-4ea4-8483-eca6d59611e8> - This article discusses the rise in corporate restructuring activities in the UK due to economic pressures such as increased minimum wage, higher national insurance contributions, and geopolitical risks. It highlights that corporate insolvencies in January 2025 reached a five-year high, with significant increases in sectors like manufacturing, construction, and recruitment. The construction industry, in particular, is facing challenges due to high debt burdens and fragile supply chains, leading to a rise in mergers and acquisitions as businesses seek to raise working capital and attract skilled labor.
3. <https://www.rsmuk.com/news/construction-industry-consolidates-workforce-amidst-rise-in-insolvencies> - This report highlights the rise in company insolvencies in the UK, with the construction industry experiencing the highest number of insolvencies in the 12 months to December 2024, accounting for 17% of all industry cases. The article discusses the impact of debt burdens and distress in the supply chain, noting an increase in mergers and acquisitions in the sector as businesses attempt to raise working capital and address challenges such as an aging workforce and lack of investment in technology.
4. <https://www.rsmuk.com/news/construction-industry-remains-cautious-as-insolvencies-rise-in-february> - This article reports on the rise in company insolvencies in the UK, with the construction industry experiencing the highest number of insolvencies in the 12 months to January 2025, accounting for 17% of all industry cases. The report discusses the impact of rising inflation, tariffs uncertainty, and increases in employment costs on the construction sector, leading to a cautious outlook as businesses face challenges in managing debt and maintaining profitability.
5. <https://www.rsmuk.com/news/economic-uncertainty-creating-perfect-storm-for-construction-insolvencies> - This report discusses the rise in company insolvencies in the UK, with the construction industry experiencing the highest number of insolvencies in the 12 months to February 2025, accounting for 17% of all industry cases. The article highlights the impact of rising inflation, tariffs uncertainty, and increases in employment costs on the construction sector, creating a 'perfect storm' for insolvencies as businesses struggle with high input costs and tight margins.
6. <https://www.rsmuk.com/news/construction-businesses-brace-for-overtrading-risk-moving-into-2025> - This article discusses the rise in company insolvencies in the UK, with the construction industry experiencing the highest number of insolvencies in the 12 months to November 2024, accounting for 17% of all industry cases. The report highlights the challenges faced by construction businesses, including high debt burdens, fragile supply chains, and the risk of overtrading as companies struggle to raise working capital and manage increased costs.
7. <https://www.constructionnews.co.uk/financial/construction-worst-hit-sector-for-insolvency-as-debt-burden-bites-18-02-2025/> - This article reports that the construction industry was the worst-hit sector for insolvencies in the year to December 2024, with 4,032 building businesses becoming insolvent, accounting for 17% of all such cases in England and Wales. The article discusses the impact of debt burdens and distress in the building supply chain, noting an increase in mergers and acquisitions in the sector as businesses attempt to raise working capital and address challenges such as an aging workforce and lack of investment in technology.