



Monthly insolvency statistics, May 2020

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This statistical bulletin and supplementary tables (presented as both Microsoft Excel and Open Data Source files) can be found at:

<https://www.gov.uk/government/collections/monthly-insolvency-statistics>



1. Things you need to know about this release

This is the second release in a new monthly series to provide more up to date information on the numbers of companies and individuals who are unable to pay debts and enter a formal insolvency procedure as the coronavirus (COVID 19) pandemic continues.

These statistics present monthly numbers of individual and company insolvencies in England and Wales and Northern Ireland. For Scotland, only monthly company insolvency statistics are presented; monthly individual insolvency statistics for Scotland can be found on the [Accountant in Bankruptcy \(AIB\)](#) website.

All figures presented within this release are provisional and subject to review. Further detail can be found in the accompanying [Monthly Statistics Methodology and Quality](#) document.

Historical data presented within this statistical release may not be consistent with the previously published quarterly [company](#) and [individual](#) insolvency National Statistics.

These statistics are designated as ‘Experimental Statistics’

As defined in the [Code of Practice for Official Statistics](#), ‘experimental statistics’ are undergoing evaluation and are published to involve users and stakeholders in their development.

These statistics are marked ‘experimental’ since the process of compiling insolvency data in monthly format is new to the statistics team at the Insolvency Service and is subject to review. Additionally, the content of these statistics will continue to be reviewed to ensure that they continue to meet user need at this time of economic uncertainty.

Note the following changes to these statistics since the previous release:

- The inclusion of monthly company and individual insolvency statistics for Northern Ireland.
- The presentation of industry breakdowns at a lower Standard Industrial Classification (SIC 2007) level for bankruptcies where the individuals were self-employed and for company insolvencies for England and Wales and Scotland, in response to public interest.

The statistical production team welcomes feedback from users of these statistics. If you would like to provide feedback then please email us at statistics@insolvency.gov.uk.

Interpretation of these statistics

Please note that some caution needs to be applied when interpreting trends over time. The emergence of the coronavirus pandemic may have had at least some effect on the timeliness of insolvency registration, particularly since the UK lockdown applied by Government on 23rd March 2020, resulting in insolvency practitioners, intermediaries, Companies House and courts not being able to process insolvencies in the usual manner.

In addition, the underlying monthly data have not been seasonally adjusted and therefore comparisons between one month and the next should be made with caution. Further details on this can be found in the accompanying [Monthly Statistics Methodology and Quality](#) document.

Monthly numbers of registered individual voluntary arrangements are to be interpreted with caution. These are presented as three-month rolling averages to smooth out the volatility in the underlying data.



2. Main Messages for England and Wales

Overall numbers of company and individual insolvencies dropped in the days immediately after the UK lockdown was applied on 23rd March, and in most cases have not returned to pre-lockdown levels. This was likely a result of a combination of factors including:

- HM Courts & Tribunals Service reducing the operational running of the courts and tribunals
- HMRC reducing their enforcement activity
- The Insolvency Service, insolvency practitioners and Companies House having to adjust to new working arrangements
- Delays in documents being provided to Companies House by insolvency practitioners

The number of company insolvencies remained low in May, driven by the reduction in compulsory liquidations. The average daily numbers of compulsory liquidations fell to just 20% of the pre-lockdown March figures.

The numbers of individuals entering insolvency through debt relief orders or bankruptcies remained low in May, when compared to pre-lockdown levels. The numbers of individual voluntary arrangements returned to pre-March levels in April and increased in May. Numbers of IVAs were elevated in May because of technical issues experienced by a provider resulting in delayed registration with the Insolvency Service.

As we do not record whether an insolvency is directly related to the coronavirus pandemic, it is not possible to state its direct effect on insolvency volumes.



3. Company and Individual Insolvencies in England and Wales

Company Insolvencies

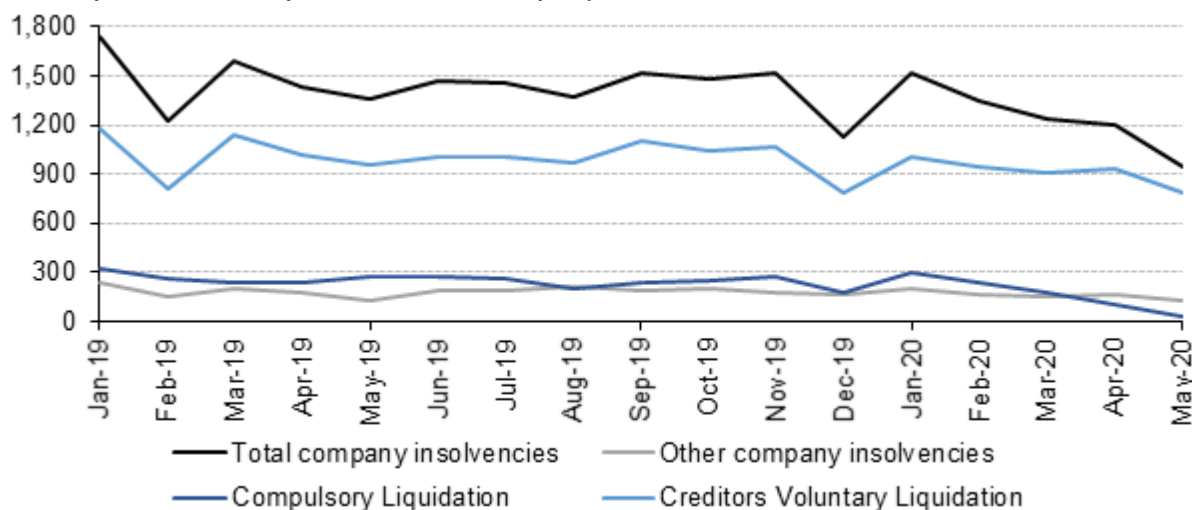
In May 2020 there were a total of 944 company insolvencies in England and Wales, comprised of 790 creditors' voluntary liquidations (CVLs) 32 compulsory liquidations, 110 administrations and 12 company voluntary arrangements (CVAs). There were no receiverships.

Overall, this was a decrease of 30% when compared to the same month last year. This was driven by a decrease in the number of compulsory liquidations in May 2020, which fell by 88%, when compared to May 2019.

Compulsory liquidations require a winding-up order obtained from the court by a creditor, shareholder or director. Since the UK lockdown was applied on the evening of 23rd March to slow the spread of the coronavirus, the HM Courts & Tribunals Service has reduced the operational running of the courts and tribunals¹. The Government also announced in late April that it would prohibit the use of statutory demands and certain winding-up petitions from 27 April to 30 June 2020².

There was also a 17% decrease in the numbers of CVLs in May 2020 compared to May 2019, and a 61% decrease in CVAs. Administrations rose by 16% compared to May 2019, but this was driven by lower numbers of Administrations in May 2019, rather than much higher numbers in the most recent month.

Figure 1: Company insolvencies in England and Wales, by insolvency type and month^P
1 January 2019 to 31 May 2020, not seasonally adjusted



Sources: Insolvency Service (compulsory liquidations only); Companies House (all other insolvency types)
^P Figures are provisional

A further breakdown of company insolvencies by industry grouping (SIC 2007) can be found in the [accompanying tables](#). This information is presented to three-digit level.

¹ HMCTS response to coronavirus outbreak: <https://www.gov.uk/guidance/coronavirus-covid-19-courts-and-tribunals-planning-and-preparation>

² Government announcement 25th April 2020: <https://www.gov.uk/government/news/new-measures-to-protect-uk-high-street-from-aggressive-rent-collection-and-closure>



Short term effects of UK lockdown on company insolvencies

Table 1 below shows that during the first three weeks of March, prior to the UK lockdown on the 23rd March, an average of 66 company insolvencies were registered daily. In the remaining six working days following lockdown in March, the average daily number of company insolvencies registered had more than halved to 29. This reduction is linked to:

- Short-term capacity constraints at Companies House as it put in place safe processes to manage its work on-site; and
- Delays in documents being provided to Companies House by insolvency practitioners.

Throughout April and May the average daily numbers of registered company insolvencies had increased but remained lower than pre-lockdown levels. This was particularly the case for compulsory liquidations which fell 80% from an average of ten new cases per day in pre-lockdown March, to an average of two cases per day in May.

Table 1: Average daily number of registered company insolvencies^{P,1}

1 March 2020² – 31 May 2020

	Total daily average	Creditors' voluntary liquidations	Compulsory liquidations	Other Insolvencies
March 1st - 23rd	66	49	10	7
March 24th -31st	29	22	1	5
Apr-20	60	47	5	8
May-20	50	42	2	6

Sources: Insolvency Service (compulsory liquidations only); Companies House (all other insolvency types)

^P Figures are provisional

¹ Mean averages have been calculated based on the number of working days in the time period of interest.

² Average number of daily registered company insolvencies in March have been presented in 'pre-lockdown' and 'post-lockdown' time periods.

Individual Insolvencies

Note that in this statistical release numbers of debt relief orders (DROs) and bankruptcies are presented separately to numbers of individual voluntary arrangements (IVAs), as IVA numbers have been calculated using different methodology. Further details are provided in the IVA results section below.

Debt relief orders and bankruptcies

There were 1,540 debt relief orders (DROs) and 739 bankruptcies in May 2020 in England and Wales (the latter was made up of 690 debtor bankruptcies and 49 creditor bankruptcies).

There was a 32% reduction in DROs registered, compared with May 2019 and bankruptcies fell 49% in comparison to the same month as last year. The reduction in bankruptcies was driven by a 40% fall in debtor bankruptcies and an 83% reduction in creditor bankruptcies.

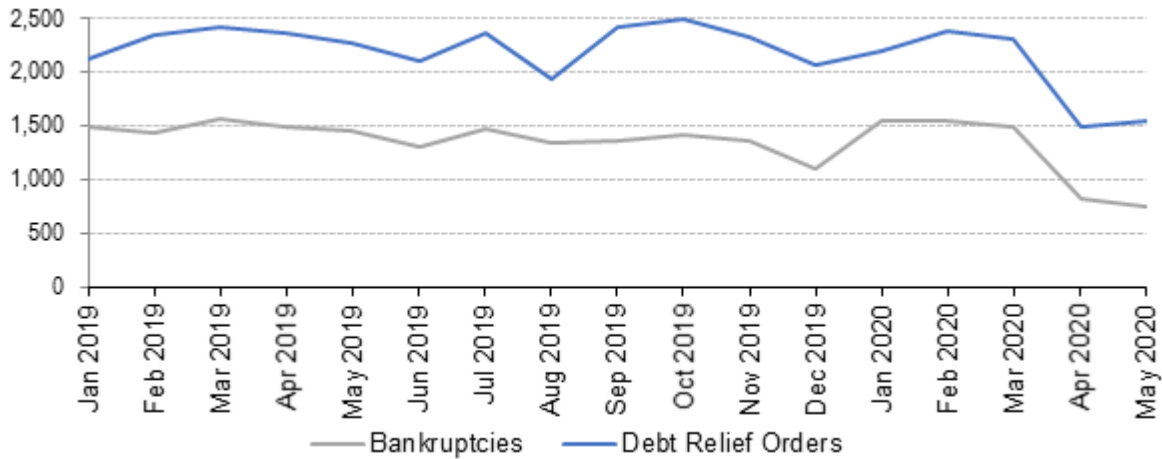
The fall in DROs and debtor bankruptcies corresponds with a reduction in applications for these services, which coincided with the announcement of enhanced Government financial support for individuals and businesses since the emergence of the coronavirus pandemic.



The fall in creditor bankruptcies will likely have been a result of reduced HMRC enforcement activity during this period³ and in part, a result of reduced operational running of the courts during this time.

Figure 2: DROs and Bankruptcies in England and Wales, by month^P

1 January 2019 to 31 May 2020, not seasonally adjusted



Source: Insolvency Service

^P Figures are provisional

Further breakdowns of bankruptcies by employment status, and bankruptcies where the individuals were self-employed by industry grouping (SIC 2007) can be found in the [accompanying tables](#). Industry breakdowns are presented to two-digit level. Due to small numbers it was not feasible to present this information to three-digit level.

Individual voluntary arrangements

Individual voluntary arrangements (IVAs) are counted within these statistics once they are registered with the Insolvency Service and are reported by month of registration date. There can be a time lag between the date on which the IVA is accepted (known as the date of creditor agreement) and date of registration by licensed insolvency practitioners working for firms that specialise in this area. Therefore, changes in trends are partly a result of this effect, especially where registrations straddle a month end. This can lead to volatility in the data from one month to the next and create difficulty in constituting reliable short-term trends. In addition, recent statistics have been affected by technical issues experienced by an IVA provider, with approximately 4,950 IVAs registered in May 2020 that would otherwise have been registered between December 2019 and March 2020.

Three-month rolling averages have been calculated to smooth the data and indicate what the overall trend of IVA registrations *might* look like if the underlying data were less volatile⁴. For transparency, both the counts of IVA registrations and three-month rolling averages are presented in Figure 3 and in the [accompanying tables](#). However, the three-month rolling averages should be used to consider potential changes in IVA trends over time, and both sets of numbers should be used with caution.

³ Dear Insolvency Practitioner, Issue 95 -

https://content.govdelivery.com/attachments/UKIS/2020/04/03/file_attachments/1418579/Dear%20IP%20Issue%2095%20April%202020.pdf.

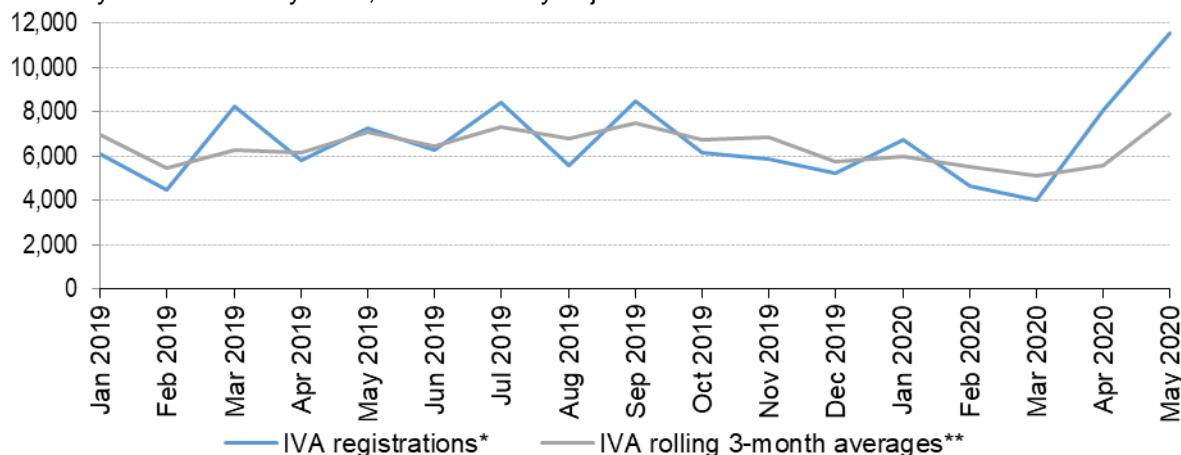
⁴ Further information on the volatility of the IVA data, and the calculation of three-month rolling averages can be found in the accompanying [Monthly Statistics Methodology and Quality](#).



There were 7,899 IVAs registered, on average, each month during the three months ending May 2020. This was an 11% increase when compared with the average number of registered IVAs during each of the three months ending May 2019.

Figure 3: Individual Voluntary Arrangements in England and Wales, by month^P

1 January 2019 to 31 May 2020, not seasonally adjusted



Source: Insolvency Service

^P Figures are provisional

* The count of IVAs registered with the Insolvency Service each month.

** The mean average number of registered IVAs in the three months ending in the reference period. For example, the three-month rolling average estimate for January 2019 is the calculated mean average of the total IVA registrations during November 2018, December 2018, and January 2019.

Short term effects of UK lockdown on individual insolvencies

Table 2 below shows that during the first three weeks of March, prior to the UK lockdown on the 23rd March, an average of 195 individuals entered insolvency each day through bankruptcy or DROs. The daily average number of bankruptcies and DROs reduced in April and remained low in May, when compared with the pre-lockdown period in March.

The underlying IVA data is too volatile and affected by technical issues experienced by one provider to produce reliable daily average numbers.

Table 2: Average number of daily registered Bankruptcies and Debt Relief Orders^{P,1}

1 March 2020² – 31 May 2020

	Total daily average	Bankruptcies	Debt relief orders
March 1st - 23rd	195	76	119
March 24th -31st	110	45	65 ¹
Apr-20	115	41 ¹	75
May-20	120	39	81

Source: Insolvency Service

^P Figures are provisional

¹ Mean averages have been calculated based on the number of working days in the time period of interest.

² Average number of daily registered individual insolvencies in March have been presented in 'pre-lockdown' and 'post-lockdown' time periods.



4. Company Insolvencies in Scotland

Legislation relating to company insolvency in Scotland is devolved. [Accountant in Bankruptcy \(AIB\)](#), Scotland's Insolvency Service, administers company insolvency in Scotland.

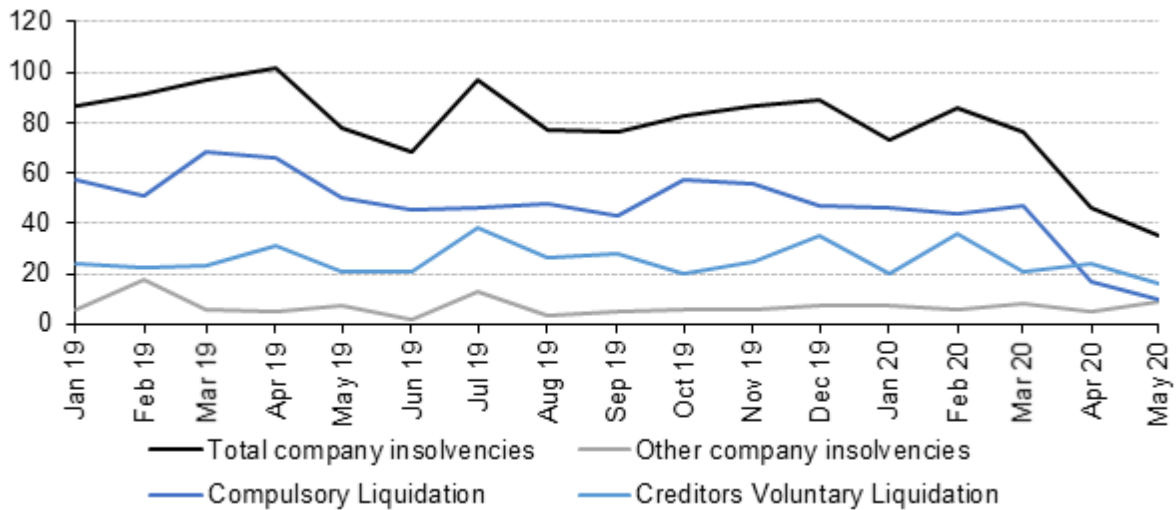
Note that this statistical bulletin does not present monthly individual insolvency statistics for Scotland. This information can be found on the [AIB website](#).

In May 2020, there were 35 company insolvencies in Scotland, a reduction of 55% in comparison to May 2019. This comprised of 16 CVLs, 10 compulsory liquidations, six administrations and three company voluntary arrangements. There were no receiverships.

Historically the volume of company insolvencies in Scotland have been driven by compulsory liquidations. However, since April 2020 the numbers of CVLs have been higher than compulsory liquidations, as the numbers of compulsory liquidations fell by 80% in May 2020, when compared to the same month last year.

Figure 4: Company insolvencies in Scotland, by insolvency type and month^P

1 January 2019 to 31 May 2020, not seasonally adjusted



Source: Companies House

^P Figures are provisional

A further breakdown of company insolvencies by industry grouping (SIC 2007) can be found in the [accompanying tables](#). This information is presented to two-digit level. Due to small numbers it was not feasible to present this information to three-digit level.



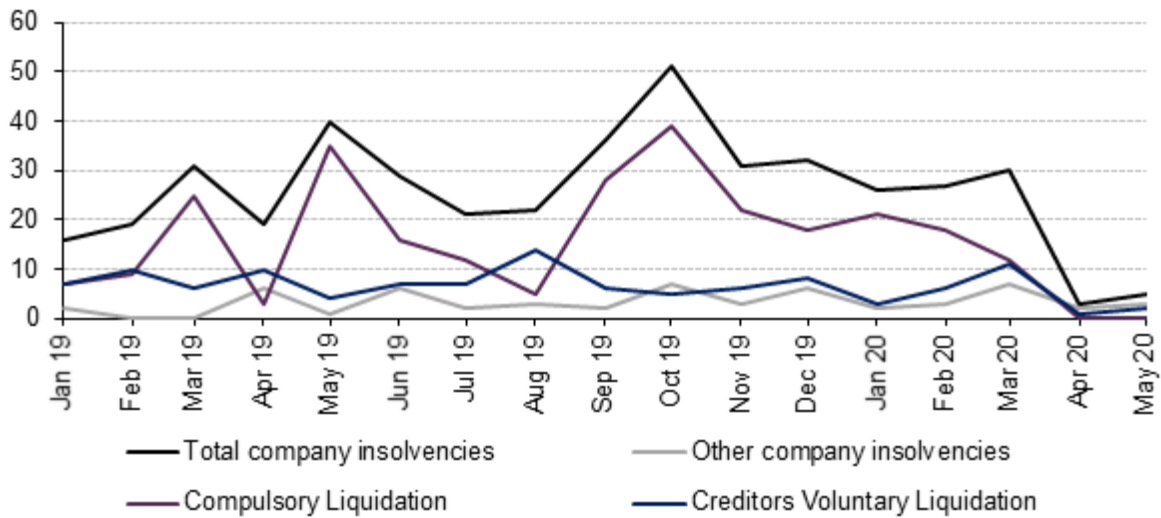
5. Company and Individual Insolvencies in Northern Ireland

Company and Individual insolvency in Northern Ireland is governed by separate, but broadly similar, legislation to England and Wales. Figures are presented separately.

Company Insolvencies

In May 2020 there were 5 company insolvencies in Northern Ireland down from 40 in May 2019, this consisted of 2 CVLs, 2 CVAs and one administration. There were no compulsory liquidations or administrative receiverships.

Figure 5: Company insolvencies in Northern Ireland, by insolvency type and month^{P,1}
1 January 2019 to 31 May 2020, not seasonally adjusted



Sources: Companies House and DETNI

^P Figures are provisional

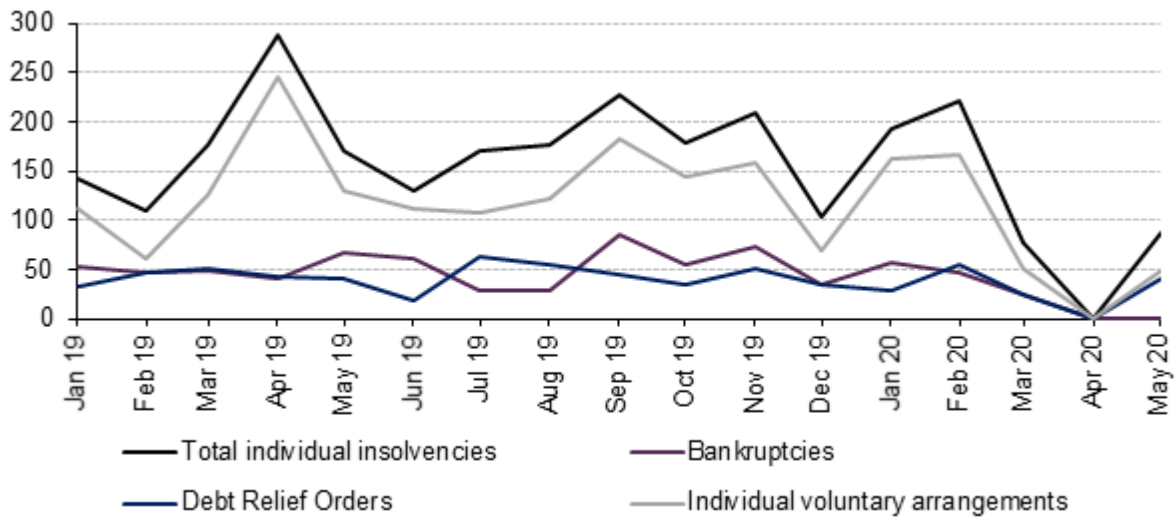
¹ There were no new compulsory liquidations in Northern Ireland in April and May 2020 as a result of the Lockdown measures being implemented by the Northern Ireland Executive which resulted in the Closure of the Courts and Insolvency Service offices in the region.

Individual Insolvencies

In May 2020 there were 88 individual insolvencies in Northern Ireland down 63% from May 2019, this consisted of 40 DROs and 48 IVAs. There were no bankruptcies in May 2020.



Figure 6: Individual insolvencies in Northern Ireland, by insolvency type and month^{P,1}
1 January 2019 to 31 May 2020, not seasonally adjusted



Source: DETNI

^P Figures are provisional

¹ There were no new individual insolvencies in Northern Ireland in April 2020 as a result of the Lockdown measures being implemented by the Northern Ireland Executive which resulted in the Closure of the Courts and Insolvency Service offices in the region.

A further breakdown of company insolvencies by industry grouping (SIC 2007) can be found in the [accompanying tables](#). This information is presented to two-digit level. Due to small numbers it was not feasible to present this information to three-digit level.



6. Data and Methodology

Data Sources

Data for individual insolvencies in England and Wales and Northern Ireland are sourced from the Insolvency Service case information system (ISCIS).

Corporate insolvency data for England and Wales Scotland are sourced from Companies House, except for compulsory liquidation data for England and Wales (sourced from the ISCIS).

Corporate insolvency data for Northern Ireland are sourced from Companies House, except for compulsory liquidation data (sourced from the Department for Enterprise, Trade and Investment, Northern Ireland, DETNI).

More information on the administrative systems used to compile insolvency statistics can be found in the [Statement of Administrative Sources](#).

Coverage

This statistical release presents company insolvencies for England and Wales, Scotland and Northern Ireland. Individual insolvencies are presented for England and Wales, and Northern Ireland only. Individual insolvencies in Scotland can be found on the [Accountant in Bankruptcy \(AIB\)](#) website. Insolvency statistics for Scotland and Northern Ireland are presented separately to statistics for England and Wales, since they are covered by separate legislation and policy responsibility lies with the devolved administration.

Methodology and data quality

Detailed methodology and quality information for the monthly insolvency statistical releases can be found in the accompanying [Monthly Statistics Methodology and Quality](#) document.

The main quality and coverage issues to note that affect all monthly insolvency statistics:

1. There is known seasonality in the underlying data for most insolvency types. Any seasonality is normally adjusted before compiling insolvency statistics. However, these monthly data have not been seasonally adjusted so comparisons between one month and the next may not be valid.
2. Data for the latest month were extracted five working days after month end. Since the administration systems are live systems there is an increased likelihood that figures will be revised in the future. Therefore, all figures in this release are provisional.
3. The sum of these monthly statistics may not equal previously published quarterly statistics, due to differing methodologies. In addition, the administrative systems used to capture data are live systems and are subject to amendments.

Data quality issues affecting underlying data on individual voluntary arrangements

Individual voluntary arrangements (IVAs) are counted within these statistics once they are registered with the Insolvency Service, and they are reported by month of registration date. There is often a time lag between the date on which the IVA is accepted (known as the date of creditor agreement) and date of registration by licensed insolvency practitioners working for firms that specialise in this area, and changes in trends are often partly a result of how promptly and frequently providers register IVAs with the Insolvency Service.



Since the release of the previous monthly statistics, a review of the underlying IVA data has indicated that the time lag between creditor agreement and IVA registration has increased in recent months. Therefore, these monthly statistics are considerably more volatile than the quarterly data published within the [Quarterly Individual Insolvencies](#) series, and comparisons of monthly numbers are unreliable.

In order to continue to provide timely, yet less volatile, information on IVAs, three-month rolling averages were calculated to smooth out the underlying data and present the overall direction of monthly trends. However, these statistics should still be interpreted with caution. See Methodology section of the accompanying [Monthly Statistics Methodology and Quality](#) document for further detail.

Revisions

These statistics are subject to scheduled revisions, as set out in the published [Revisions Policy](#). Other revisions tend to be made as a result of data being entered onto administrative systems after the cut-off date for data being extracted to produce the statistics. Data for the most recent month were extracted approximately five working days after month end so there is an increased likelihood that published statistics may be revised in the future. Any future revisions will be marked with an 'r' in the relevant table.



7. Glossary

Key Terms used within this statistical bulletin

Administration	The objective of administration is the rescue of the company as a going concern, or if this is not possible then to obtain a better result for creditors than would be likely if the company were to be wound up. A licensed insolvency practitioner, 'the administrator', is appointed to manage a company's affairs, business and property for the benefit of the creditors.
Bankruptcy	A form of debt relief available for anyone who is unable to pay their debts. Assets owned will vest in a trustee in bankruptcy, who will sell them and distribute the proceeds to creditors. Discharge from debts usually takes place 12 months after the bankruptcy order is granted. Bankruptcies result from either Debtor application – where the individual is unable to pay their debts, and applies online to make themselves bankrupt, or Creditor petition – if a creditor is owed £5,000 or more, they can apply to the court to make an individual bankrupt. These statistics relate to petitions where a court order was made as a result, although not all petitions to court result in a bankruptcy order.
Company voluntary arrangement (CVA)	CVAs are another mechanism for business rescue. They are a voluntary means of repaying creditors some or all of what they are owed. Once approved by 75% or more of creditors, the arrangement is binding on all creditors. CVAs are supervised by licensed insolvency practitioners.
Compulsory liquidation	A winding-up order obtained from the court by a creditor, shareholder or director. See Liquidation for details on the process.
Creditors' voluntary liquidation (CVL)	Shareholders of a company can themselves pass a resolution that the company be wound up voluntarily. See Liquidation for details on the process. Administrations which result in a Creditors' Voluntary Liquidation are recorded separately by Companies House and are excluded from CVL figures as they do not represent a new company entering into an insolvency procedure for the first time. These cases are only ever recorded as Administrations.
Debt Relief Order (DRO)	A form of debt relief available to those who have a low income, low assets and less than £20,000 of debt. There is no distribution to creditors, and discharge from debts takes place 12 months after the DRO is granted.
Deed of Arrangement	An alternative way for a debtor to deal with their affairs than entering into bankruptcy or an individual voluntary arrangement . Deeds of arrangement require the approval of a simple majority of creditors in number and value, and do not require a nominee, report to court or a meeting of creditors to be held.
Individual Voluntary Arrangement (IVA)	A voluntary means of repaying creditors some or all of what they are owed. Once approved by 75% or more of creditors, the arrangement is binding on all. IVAs are supervised by licensed Insolvency Practitioners.
Liquidation	Liquidation is a legal process in which a liquidator is appointed to 'wind up' the affairs of a limited company. The purpose of liquidation is to sell the company's assets and distribute the proceeds to its creditors. At the end of the process, the company is dissolved – it ceases to exist. Statistics on compulsory liquidations and creditors' voluntary liquidations are presented in these statistics. A third type of winding up, members' voluntary liquidation is not included because it does not involve insolvency.



Partnership Winding-up Orders	This is similar to the liquidation of a company. When the partners have decided that the partnership has no viable future or purpose then a decision may be made to cease trading and wind up the partnership. There are two basic ways that the partnership can be wound up: the creditors petition and a partner's petition.
Protected trust deeds	Protected trust deeds are voluntary arrangements in Scotland and fulfil much the same role as IVAs in England and Wales. However, there are differences in the way they are set up and administered, meaning the figures shown here are not consistent with those provided for England and Wales.
Receivership Appointments	Administrative receivership is where a creditor with a floating charge (often a bank) appoints a licensed insolvency practitioner to recover the money it is owed. Before 2000, receivership appointments also included other, non-insolvency, procedures, for example under the Law of Property Act 1925.
Sequestration	Fulfils much the same role in Scotland as bankruptcy in England and Wales.
Standard Industrial Classification (SIC 2007)	Used in classifying business establishments and other statistical units by the type of economic activity in which they are engaged. Further information can be found on the ONS website: https://www.ons.gov.uk/methodology/classificationsandstandards/ukstandardindustrialclassificationofeconomicactivities/uksic2007



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Any enquiries regarding this document/publication should be sent to us at statistics@insolvency.gov.uk.