

# Monthly insolvency statistics, July 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 monthly series supplements the Insolvency Service's quarterly [company](#) and [individual](#) insolvency National Statistics to provide more up to date information, as the coronavirus (COVID 19) pandemic continues, on the numbers of companies and individuals who are unable to pay debts and enter a formal insolvency procedure.

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.

The Corporate Insolvency and Governance Act (2020) received Royal Assent on 25 June 2020<sup>1</sup>. These statistics do not include the new procedures of company moratorium or flexible restructuring plan, but the Insolvency Service plans to incorporate these into future statistical releases.

### **These statistics are designated as 'Experimental Statistics'**

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.

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. 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](mailto:statistics@insolvency.gov.uk).

### **Interpretation of these statistics**

Please note that some caution needs to be applied when interpreting these statistics. Notably:

- 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 23 March 2020 resulting, in the short term, in insolvency practitioners, intermediaries, Companies House and courts not being able to process insolvencies in the usual manner.
- The underlying monthly data have not been seasonally adjusted and therefore comparisons over time may not be valid.
- Due to the volatility of the underlying data on registered individual voluntary arrangements (IVAs), three-month rolling averages have also been presented to smooth out the data. However, neither counts or three-month rolling-averages are reliable enough to constitute short-term IVA trends.

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<sup>1</sup> Royal assent of new CIG Act (2020): <https://www.gov.uk/government/news/major-changes-to-insolvency-law-come-into-force>



## 2. Main Messages for England and Wales

Overall numbers of company and individual insolvencies remained low in July 2020, when compared with the same month in the previous year. This was likely to be at least partly driven by government measures put in place in response to the coronavirus (COVID 19) pandemic, including:

- Reduced operational running of the courts and reduced HMRC enforcement activity since UK lockdown was applied on the evening of 23 March;
- Temporary restrictions on the use of statutory demands and certain winding-up petitions (leading to company compulsory liquidations) from 27 April and extended to 30 September 2020 under the Corporate Insolvency and Governance Act; and
- Enhanced government financial support for companies and individuals.

Despite the overall fall in company insolvencies, there was a 25% increase in the number of companies entering administration in July 2020 when compared to July 2019. Note that this increase was primarily driven by two groups of companies that included multiple related companies entering administration. These two failures account for approximately one in six of all companies entering administration in July 2020.

Compulsory liquidations remained low when compared with July 2019, but increased to the highest monthly level since the implementation of lockdown on the evening of 23 March. This was primarily a result of the courts resuming processing of a backlog of petitions following reduced operations in response to the coronavirus pandemic.

The numbers of bankruptcies and DROs remained lower than numbers seen in July 2019. The average number of IVAs registered in each of the 3 months ending July 2020 was unchanged from the same 3-month period in 2019. However, underlying IVA data are volatile and therefore comparisons over time are not reliable.

As the Insolvency Service does 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 July 2020 there was a total of 955 company insolvencies in England and Wales, comprised of 590 creditors' voluntary liquidations (CVLs), 166 compulsory liquidations, 182 administrations and 17 company voluntary arrangements (CVAs). There were no receivership appointments.

The overall number of company insolvencies decreased by 34% in July 2020, when compared to the same month last year. This was primarily driven by a decrease in the numbers of CVLs and compulsory liquidations which fell by 41% and 36% respectively. The number of CVAs in July 2020 was also 56% lower than in the same month last year though the numbers were small.

The overall reduction in company insolvencies was likely to be in part driven by the range of government support put in place to financially support to companies in response to the coronavirus (COVID 19) pandemic<sup>2</sup>. The government also announced in late April that it would temporarily prohibit the use of statutory demands and certain winding-up petitions from 27 April to 30 June 2020<sup>3</sup>. This was further extended to 30 September under the Corporate Insolvency and Governance Act.

Whilst the overall number of company insolvencies remained low when compared with the same month last year, the number of companies entering administration in July 2020 increased by 25% in comparison to July 2019. Note that there were two groups of companies that entered administration in July 2020 that included multiple related companies which were all recorded as separate companies entering administration. Underlying data suggests that these two failures accounted for approximately one in six of all companies entering administration in July 2020.

Compulsory liquidations remained low when compared with July 2019, but increased to the highest monthly level since the implementation of lockdown on the evening of 23 March 2020. 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 23 March 2020 to slow the spread of the coronavirus, the HM Courts & Tribunals Service has reduced the operational running of the courts and tribunals<sup>4</sup>. Approximately 70% of the 166 compulsory liquidations in July 2020 had a petition date prior to the UK lockdown, suggesting that the increase in the number of compulsory liquidations in July was largely due to the HM Courts & Tribunals Service resuming processing of a backlog of petitions following reduced operations in response to the coronavirus pandemic.

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<sup>2</sup> Government support Financial support for businesses during coronavirus (COVID-19):

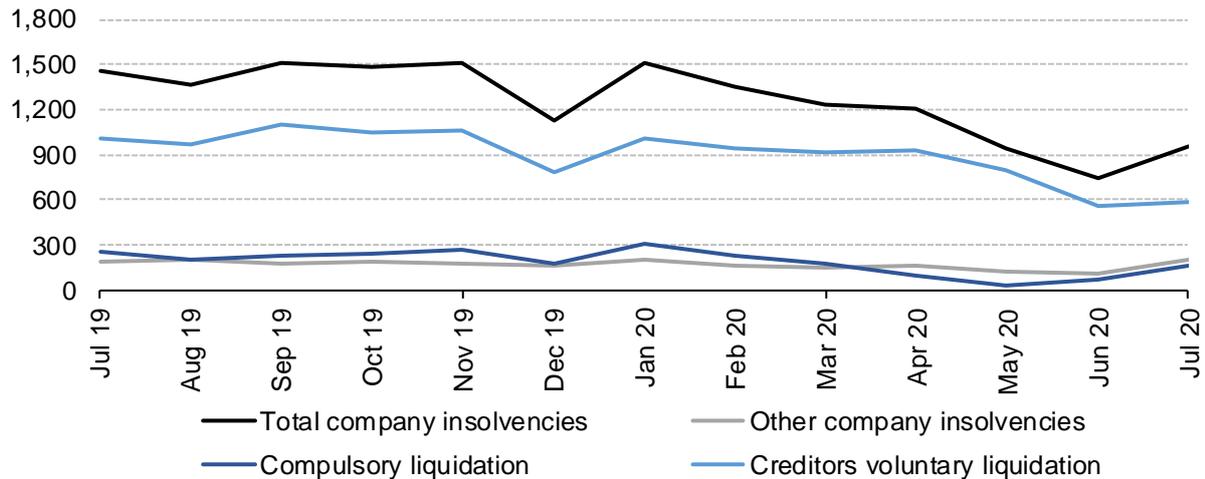
<https://www.gov.uk/government/collections/financial-support-for-businesses-during-coronavirus-covid-19>

<sup>3</sup> Government announcement 25<sup>th</sup> April 2020: <https://www.gov.uk/government/news/new-measures-to-protect-uk-high-street-from-aggressive-rent-collection-and-closure>

<sup>4</sup> HMCTS response to coronavirus outbreak: <https://www.gov.uk/guidance/coronavirus-covid-19-courts-and-tribunals-planning-and-preparation>

**Figure 1: Company insolvencies remain low compared with the same month last year**

England and Wales, July 2019 to July 2020, Not seasonally adjusted<sup>P,1</sup>



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

<sup>P</sup> Figures are provisional

<sup>1</sup> Chart shows historical trend covering the past 13 months. Monthly numbers back to January 2019 can be found in the accompanying tables.

Underlying monthly company insolvency data for England and Wales can be found in the [accompanying tables](#). Further breakdowns of company insolvencies by Standard Industrial Classification (SIC 2007) are also presented to three-digit level.

## 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 1,621 DROs and 913 bankruptcies in July 2020 in England and Wales (the latter was made up of 849 debtor bankruptcies and 64 creditor bankruptcies).

There was a 31% reduction in DROs and a 38% reduction in bankruptcies in July 2020, compared with the same month last year. The reduction in bankruptcies was driven by a 27% fall in debtor bankruptcies and a 79% reduction in creditor bankruptcies.

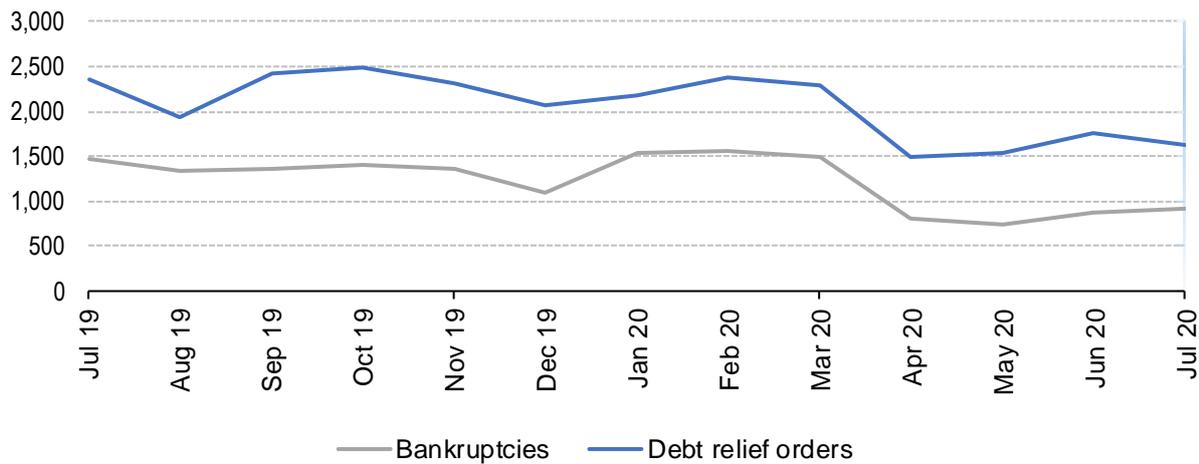
The fall in DROs and debtor bankruptcies corresponds with a reduction in applications for these services, which coincided with the announcement of enhanced government financial support for individuals and businesses since the emergence of the coronavirus pandemic.

The fall in creditor bankruptcies will likely have been a result of reduced HMRC enforcement activity during this period<sup>5</sup> and in part, a result of reduced operational running of the courts during this time.

<sup>5</sup> Dear Insolvency Practitioner, Issue 95 -

[https://content.govdelivery.com/attachments/UKIS/2020/04/03/file\\_attachments/1418579/Dear%20IP%20Issue%2095%20April%202020.pdf](https://content.govdelivery.com/attachments/UKIS/2020/04/03/file_attachments/1418579/Dear%20IP%20Issue%2095%20April%202020.pdf)

**Figure 2: Numbers of DROs and Bankruptcies remained below the same month last year**  
 England and Wales, July 2019 to July 2020, Not seasonally adjusted<sup>P,1</sup>



Source: Insolvency Service

<sup>P</sup> Figures are provisional

<sup>1</sup> Chart shows historical trend covering the past 13 months. Monthly numbers back to January 2019 can be found in the accompanying tables.

Underlying monthly data on DROs and bankruptcies in England and Wales can be found in the [accompanying tables](#), including bankruptcies by employment status. Bankruptcies amongst the self-employed are also presented to the two-digit Standard Industrial Classification (SIC 2007). Due to small numbers it was not feasible to present this information to three-digit level.

### 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 volatile<sup>6</sup>. For transparency, both the counts of IVA registrations and three-month rolling averages are presented in Figure 3 and in the [accompanying tables](#). Whilst 3-month rolling averages are used to consider potential changes in IVA trends over time, both sets of numbers should be used with caution.

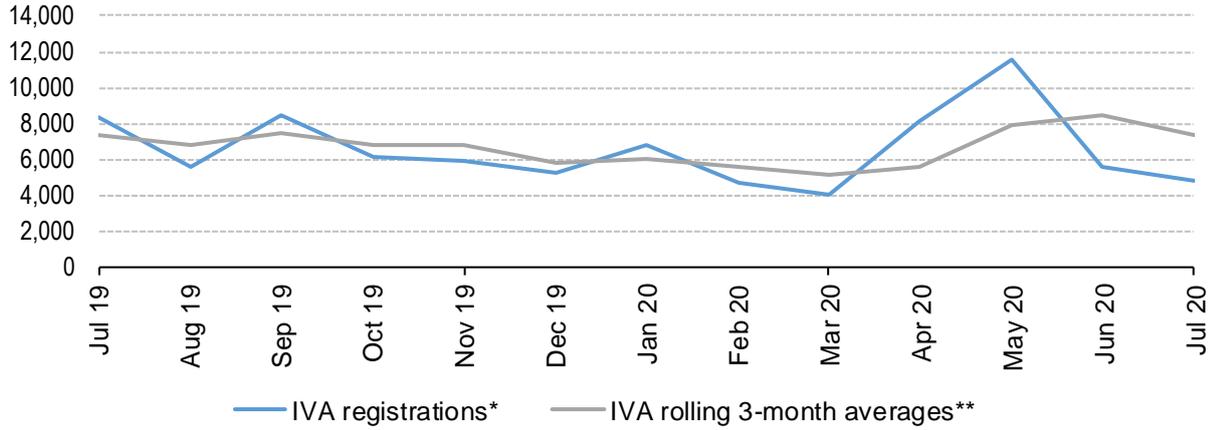
There were, on average, 7,322 IVAs registered in each of the 3 months ending July 2020. This was the same rolling 3-month average observed in the period ending July 2019<sup>7</sup>. However, the 3-month rolling average for the latest period will have been inflated as a result of the artificial increase in registered IVAs in May due to the technical issues mentioned earlier.

<sup>6</sup> 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](#) document.

<sup>7</sup> There was an average of 7,322 IVAs registered in both the three months ending July 2020 and July 2019. This was coincidental. The actual numbers of IVAs registered in these 3-month periods can be found in Table 4 of the [accompanying tables](#).

**Figure 3: The average number of IVAs registered over the last three months are the same as the same period last year**

England and Wales, July 2019 to July 2020, Not seasonally adjusted<sup>P,1</sup>



**Source: Insolvency Service**

<sup>P</sup> Figures are provisional

<sup>1</sup> Chart shows historical trend covering the past 13 months. Monthly numbers back to January 2019 can be found in the accompanying tables.

\* 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 May 2019 is the calculated mean average of the total IVA registrations during March 2019, April 2019 and May 2019.

## 4. Company Insolvencies in Scotland

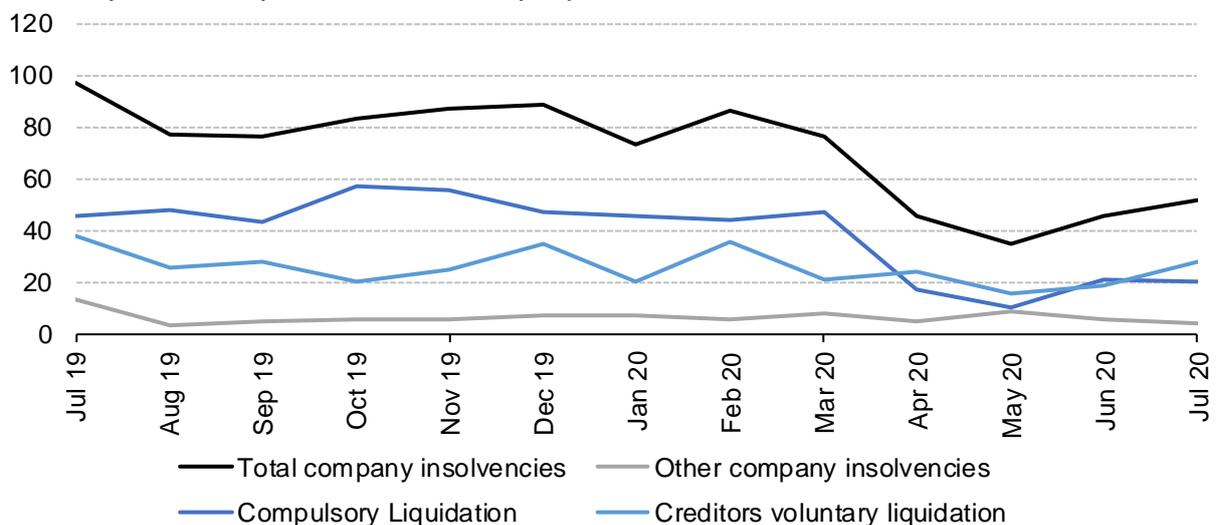
Legislation relating to company insolvency in Scotland is partly devolved. [Accountant in Bankruptcy \(AIB\)](#), Scotland's Insolvency Service, administers company liquidations and receiverships in Scotland.

In July 2020 there were 52 company insolvencies in Scotland, a reduction of 46% in comparison to July 2019. This comprised of 20 compulsory liquidations, 28 CVLs and four administrations. There were no company voluntary arrangements or receivership appointments.

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 in three out of four subsequent months including the most recent month.

**Figure 4: Company insolvencies decreased in July 2020, compared with the same month last year**

Scotland, July 2019 to July 2020, Not seasonally adjusted<sup>P,1</sup>



**Source: Companies House**

<sup>P</sup> Figures are provisional

<sup>1</sup> Chart shows historical trend covering the past 13 months. Monthly numbers back to January 2019 can be found in the accompanying tables.

Underlying monthly company insolvency data for Scotland can be found in the [accompanying tables](#). Further breakdowns of company insolvencies by Standard Industrial Classification (SIC 2007) are also presented to two-digit level. Due to small numbers it was not feasible to present this information to three-digit level.

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

## 5. Company and Individual Insolvencies in Northern Ireland

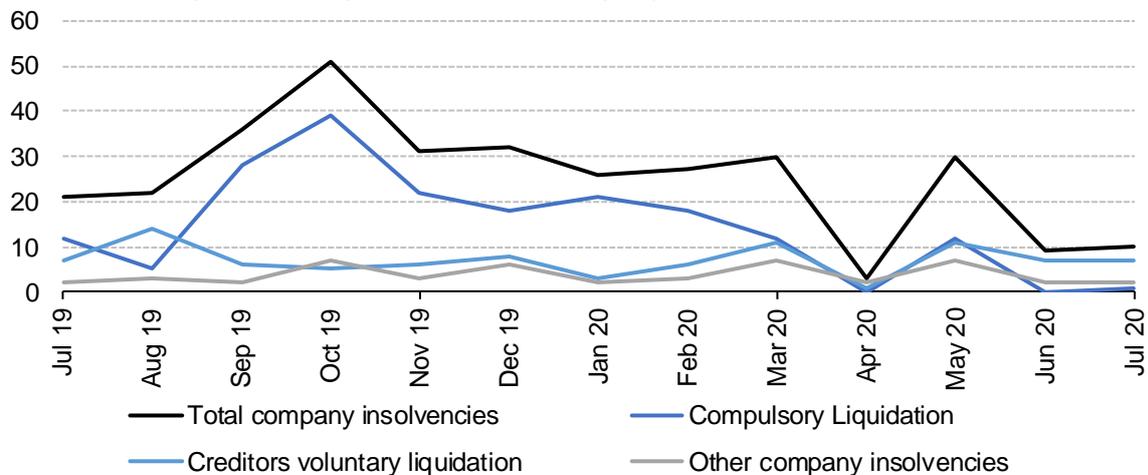
Company and Individual insolvency in Northern Ireland is governed by separate, but broadly similar, legislation to England and Wales. Figures are presented separately.

### Company Insolvencies

In July 2020 there were ten company insolvencies in Northern Ireland down from 21 in July 2019, this consisted of seven CVLs, one CVA, one administration and one compulsory liquidation, the first compulsory liquidation in Northern Ireland since the implementation lockdown on the 23<sup>rd</sup> of March. There were no administrative receiverships.

**Figure 5: Company insolvencies decreased by over half in July 2020, compared with the same month last year**

Northern Ireland, July 2019 to July 2020, Not seasonally adjusted<sup>p,1,2</sup>



Sources: Companies House and Department for the Economy

<sup>p</sup> Figures are provisional

<sup>1</sup> 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.

<sup>2</sup> Chart shows historical trend covering the past 13 months. Monthly numbers back to January 2019 can be found in the accompanying tables.

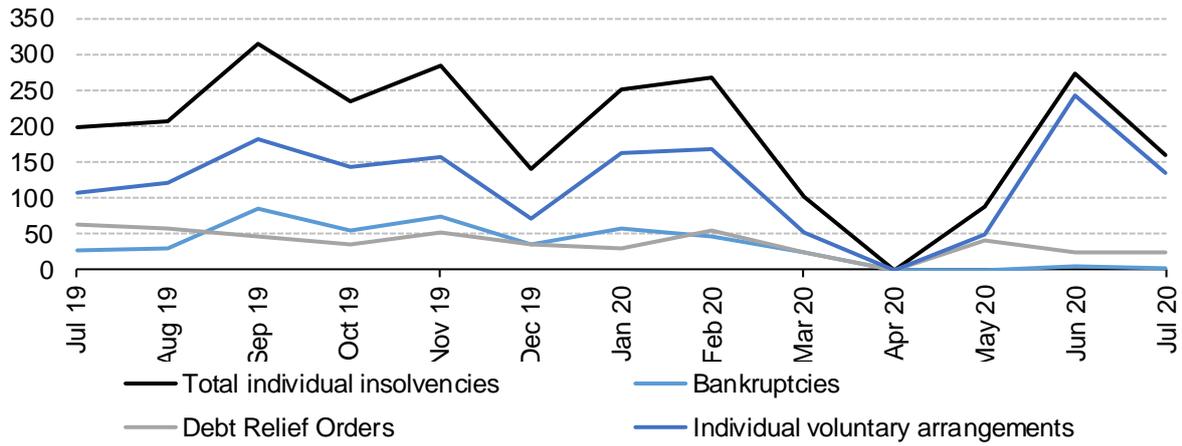
### Individual Insolvencies

In July 2020 there were 160 individual insolvencies in Northern Ireland, down 19% from July 2019; this consisted of 134 IVAs, 25 DROs and one bankruptcy.

Total individual insolvencies increased in June 2020, driven by delayed registration of IVAs, as a result of issues with remote access to the administration systems immediately after the UK lockdown on 23 March. In July, IVAs returned to a level more typically seen in the months preceding UK lockdown.

**Figure 6: Individual insolvencies fell in the latest month compared to the July 2019**

Northern Ireland, July 2019 to July 2020, Not seasonally adjusted<sup>p,1,2</sup>



Source: Department for the Economy

<sup>P</sup> Figures are provisional

<sup>1</sup> 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.

<sup>2</sup> Chart shows historical trend covering the past 13 months. Monthly numbers back to January 2019 can be found in the accompanying tables.

Underlying monthly company and individual data for Northern Ireland can be found in the [accompanying tables](#).

## 6. Data and Methodology

### Data Sources

England and Wales: Individual Insolvency data sourced from the Insolvency Service case information system (ISCIS). Company insolvency data sourced from Companies House, except for compulsory liquidation data (sourced from the ISCIS).

Scotland: Company insolvency data sourced from Companies House, except for compulsory liquidation data (sourced from the ISCIS).

Northern Ireland: Individual Insolvency data sourced from the Department for the Economy. Company insolvency data sourced from Companies House, except for compulsory liquidation data (sourced from the Department for the Economy).

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.
4. These statistics may not align with information published separately by Companies House, or with data extracted from the Gazette. Further information on why numbers may not align can be found in the accompanying Monthly Statistics Methodology and Quality document.

#### *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 <b>Debtor application</b> – where the individual is unable to pay their debts, and applies online to make themselves bankrupt, or <b>Creditor petition</b> – 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 <b>Liquidation</b> 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 <b>Liquidation</b> 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 <b>bankruptcy</b> or an <b>individual voluntary arrangement</b> . 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 <b>compulsory liquidations</b> and <b>creditors' voluntary liquidations</b> are presented in these statistics. A third type of winding up, members' voluntary liquidation is not included because it does not involve insolvency.



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Partnership Winding-up Orders	This is similar to the <b>liquidation</b> 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: <a href="https://www.ons.gov.uk/methodology/classificationsandstandards/ukstandardindustrialclassificationofeconomicactivities/uksic2007">https://www.ons.gov.uk/methodology/classificationsandstandards/ukstandardindustrialclassificationofeconomicactivities/uksic2007</a>

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