The Insolvency Service

Insolvency Statistics – October to December 2014 (Q4 2014)

Coverage
England and Wales
Scotland
Northern Ireland

Release date
29 January 2015

Frequency of release
Quarterly

Next update
29 April 2015

Media enquiries
Kathryn Montague
+44 (0)20 7674 6910
Ade Daramy
+44 (0)20 7596 6187

Lead Statistician
John Perrett
statistics@insolvency.gsi.gov.uk
020 7637 6504

Website
https://www.gov.uk/government/collections/insolvency-service-official-statistics

Reference
Ins15/Coms/011

This statistics release contains the latest data on **company insolvency** (companies which are unable to pay debts and enter liquidation, or enter administration or other company rescue process) and **individual insolvency** (people who are unable to pay debts and enter formal procedures).

Results are presented separately for England and Wales, Scotland, and Northern Ireland because of differences in legislation and policy.

Main messages

Companies in 2014

- **Creditors' voluntary liquidations in England and Wales decreased to the lowest annual total since 2008, but compulsory liquidations increased compared with 2013.**
- **The number of administrations was at its lowest since 2004, while receiverships and company voluntary arrangements declined to their lowest level since 2007.**

People in 2014

- **The number of people who became insolvent in England and Wales decreased for the fourth successive year, to the lowest annual total since 2005.**
- **The number of bankruptcies and debt relief orders decreased, but the number of individual voluntary arrangements was at its highest level since they were introduced in 1987.**

Contents

What is seasonal adjustment, and why has it been applied to these statistics?

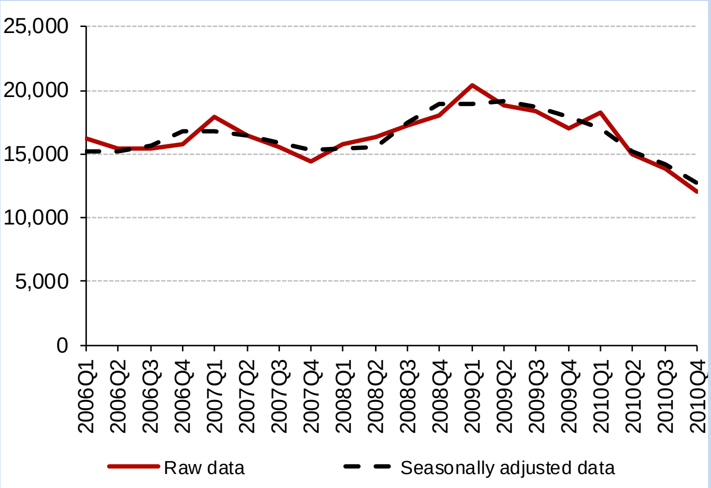
Seasonal adjustment has been used in the *Insolvency Statistics* for a number of years, is commonly used in official statistics, and is the process by which patterns in a data series that are due to seasonal or other calendar influences are removed, to produce a **clearer picture of the underlying behaviour of the data**. This means that data for the latest quarter can be compared with that for the previous (or any other) quarter, without the comparison being distorted by calendar effects.

Several data series in this release – such as bankruptcies – have been seasonally adjusted. Some – such as compulsory liquidations – did not show seasonal patterns and did not require adjustment.

Where possible, seasonally adjusted data are referred to in this release, to aid interpretation of quarter-on-quarter changes. The main exception is the section on individual insolvencies, where the data series for one type of insolvency (debt relief orders) is not yet long enough to apply seasonal adjustment.

The detailed tables which accompany this release contain both adjusted and unadjusted data.

Illustration of seasonal adjustment

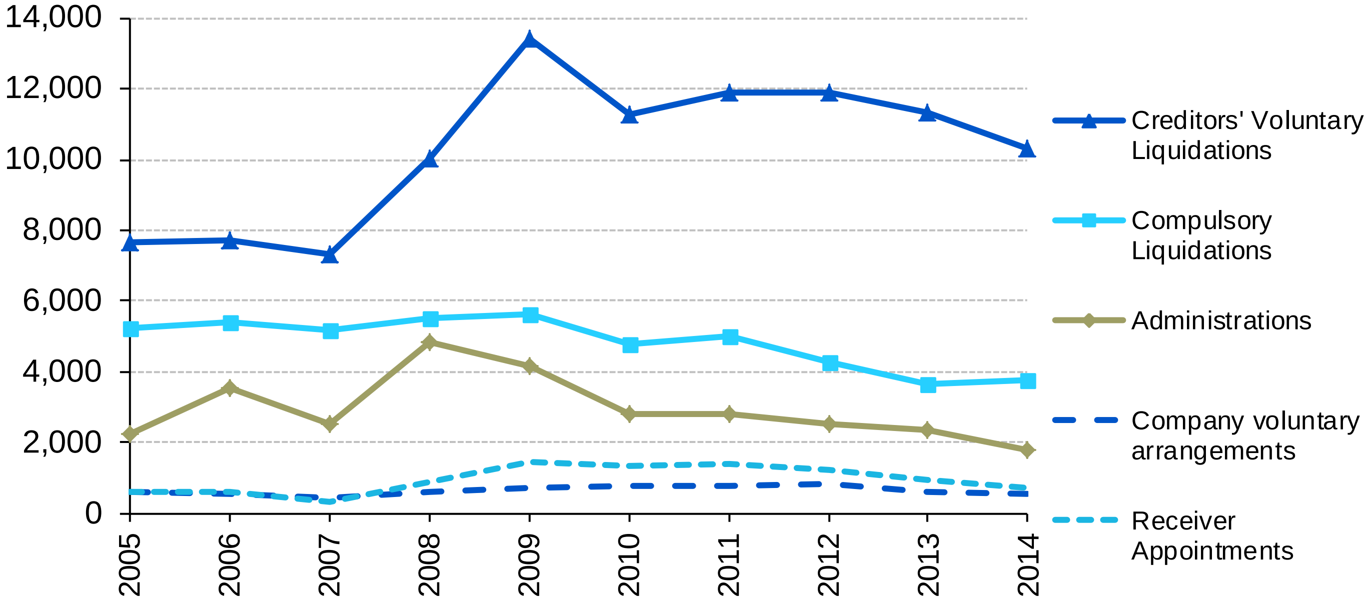


This graph shows the number of bankruptcies in England and Wales each quarter. The unadjusted data has regular peaks in Q1 of each year, which if not accounted for could lead to comparisons between quarters being distorted by these regular effects.

1 Summary for 2014

1.1 Company insolvency in England and Wales *(Further information: section 2)*

Figure 1: Company insolvencies in England and Wales[1] (Annual data)



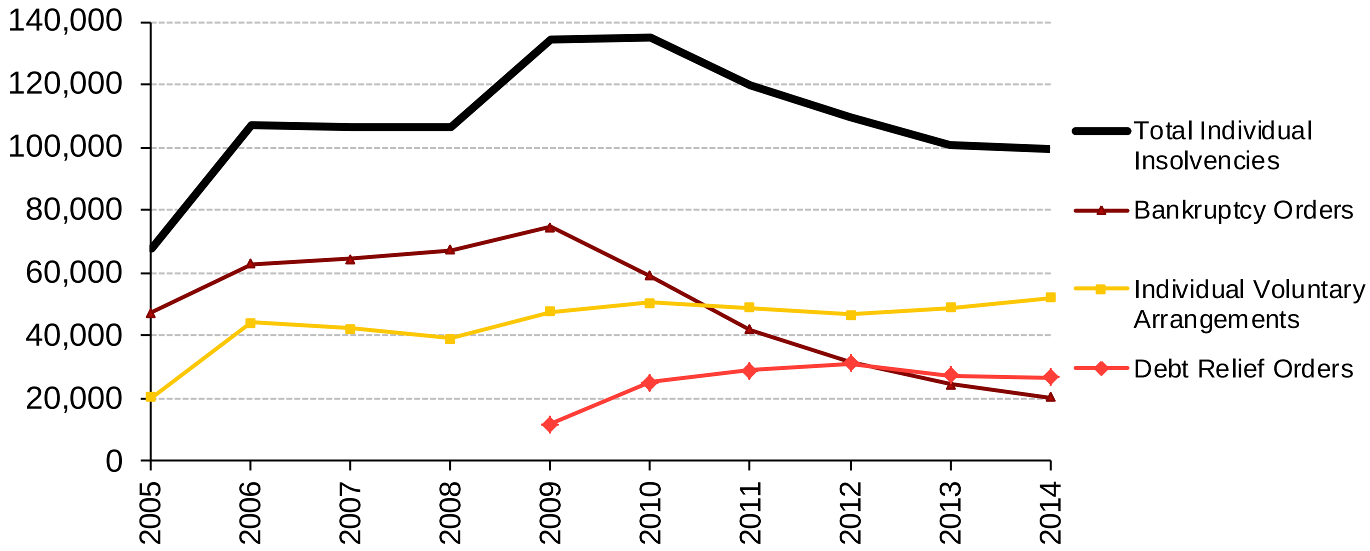
Source: Insolvency Service and Companies House.

Key findings for 2014

Company liquidations were at the lowest level since 2007	A total of 14,040 companies entered into liquidation in 2014, which was 6.3% lower than the total in 2013 and the lowest annual total since 2007 (when 12,507 companies entered liquidation). There has been a decreasing annual trend in company liquidation since 2011.
The number of creditors' voluntary liquidations was at its lowest since 2008	There were 10,302 companies entering into creditor's voluntary liquidation in 2014, a 9.3% decrease compared to the annual total in 2013 (where 11,358 companies entered into creditors' voluntary liquidation). This was the lowest annual total since 2008.
Compulsory liquidations increased in 2014	A total of 3,738 companies were subject to a compulsory winding-up order in 2014, a 2.9% increase compared to 2013.
Other types of company insolvency continued to fall year on year	The number of administrations in 2014 was 24.3% lower than in 2013, and at its lowest level since 2004. Receivership appointments decreased by 21.1% and were at their lowest annual level since 2007. The number of company voluntary arrangements decreased by 2.4% to their lowest total since 2007.

1.2 Individual insolvency in England and Wales *(Further information: section 3)*

Figure 2: Individual insolvencies in England and Wales[1] (Annual data)



Source: Insolvency Service.

Key findings for 2014

Individual insolvencies were at the lowest level since 2005	There were a total of 99,196 individual insolvencies in 2014, a 1.8% decrease compared to 2013 and the lowest annual total since 2005. This was the fourth successive decrease in the annual total.
The number of bankruptcies was the lowest since 1998	There were a total of 20,318 bankruptcy orders in 2014, 17.3% lower than in 2013. The number of bankruptcy orders has decreased each year since 2009, and was at its lowest annual level since 1998. However, the introduction of debt relief orders (DROs) in 2009 is likely to have affected the number of bankruptcies.
The number of DROs decreased for the second year in a row	There were 26,688 DROs in 2014, which was a 3.1% decrease compared to 2013 and the lowest annual total since 2010.
By contrast, IVAs increased to the highest annual level since their introduction in 1987	There were 52,190 IVAs in 2014, which was a 6.8% increase on 2013. This was the second successive annual increase, and the highest annual total since they were introduced in 1987. IVAs comprised 53% of all individual insolvencies in 2014, compared with 30% in 2005.

1.3 Summary tables: Annual Comparisons

Table 1: New company insolvencies in England and Wales[1,2]

	Number of insolvencies					% change – 2014 on
	2010	2011	2012	2013	2014	2013
Compulsory liquidations	4,792	5,003	4,261	3,632	3,738	2.9
Creditors' voluntary liquidations[2]	11,253	11,883	11,895	11,358	10,302	-9.3
Receiverships[3]	1,309	1,397	1,222	917	724	-21.1
Administrations	2,835	2,808	2,532	2,365	1,790	-24.3
Company voluntary arrangements	765	767	839	577	563	-2.4

Source: Insolvency Service and Companies House.

p = provisional, r = revised.

[1] Longer series back to 2005 are presented in the accompanying detailed tables.

[2] Excludes creditors' voluntary liquidations following administration (see section 2.1).

[3] Includes non-insolvent receiverships such as Law of Property Act receiverships, which cannot be identified separately.

Table 2: Individual insolvencies in England and Wales[1]

	Number of insolvencies					% change – 2014 Q4 on
	2010	2011	2012	2013	2014	2013
Total Individuals	**135,045**	**119,943**	**109,640**	**100,998**	**99,196**	**-1.8**
Bankruptcy orders	59,173	41,876	31,787	24,571	20,318	-17.3
Debt Relief orders	25,179	29,009	31,179	27,546	26,688	-3.1
Individual voluntary arrangements	50,693	49,058	46,674	48,881	52,190	6.8

Source: Insolvency Service.

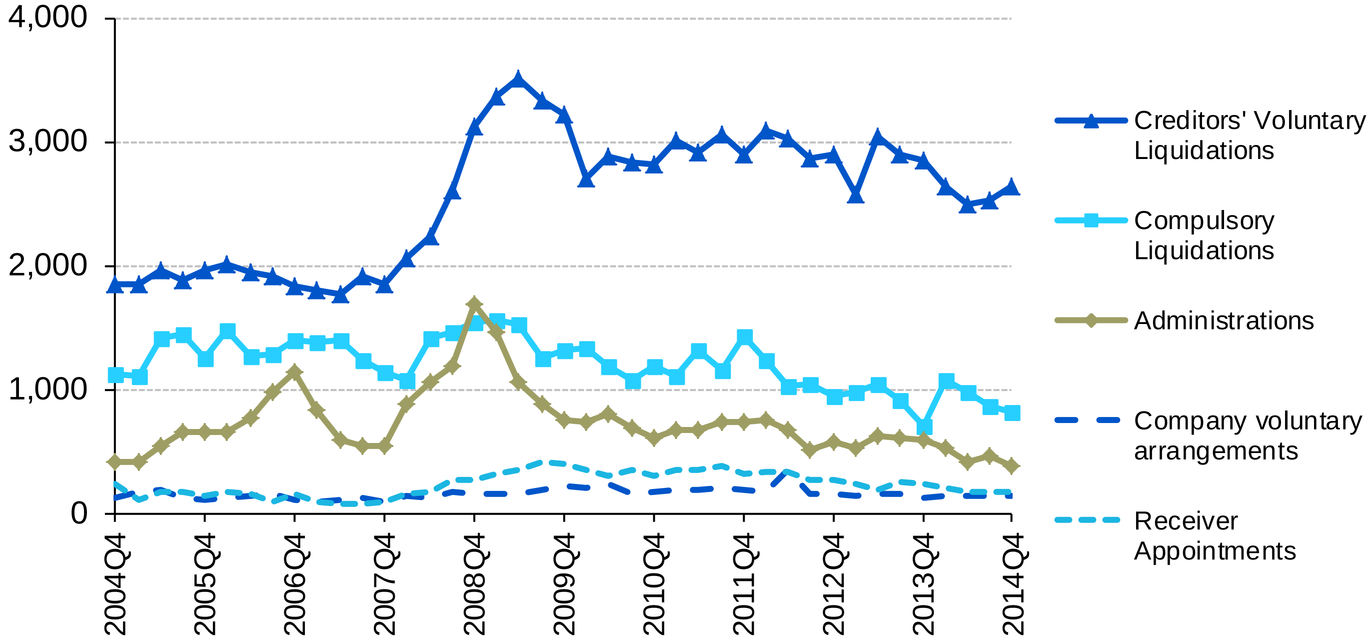
p = provisional, r = revised.

[1] Longer series back to 2005 are presented in the accompanying detailed tables.

2 Summary for Q4 2014

2.1 Company insolvency in England and Wales *(Further information: section 3)*

Figure 3: Company insolvencies in England and Wales[1] (quarterly data, seasonally adjusted)[2]



Source: Insolvency Service and Companies House.

[1] Excludes CVLs following administration as these do not represent a new company entering into an insolvency procedure for the first time. Receiverships include non-insolvent receiverships such as those under the Law of Property Act, which cannot be identified separately.

[2] Compulsory liquidations, receiverships and CVAs do not require seasonal adjustment.

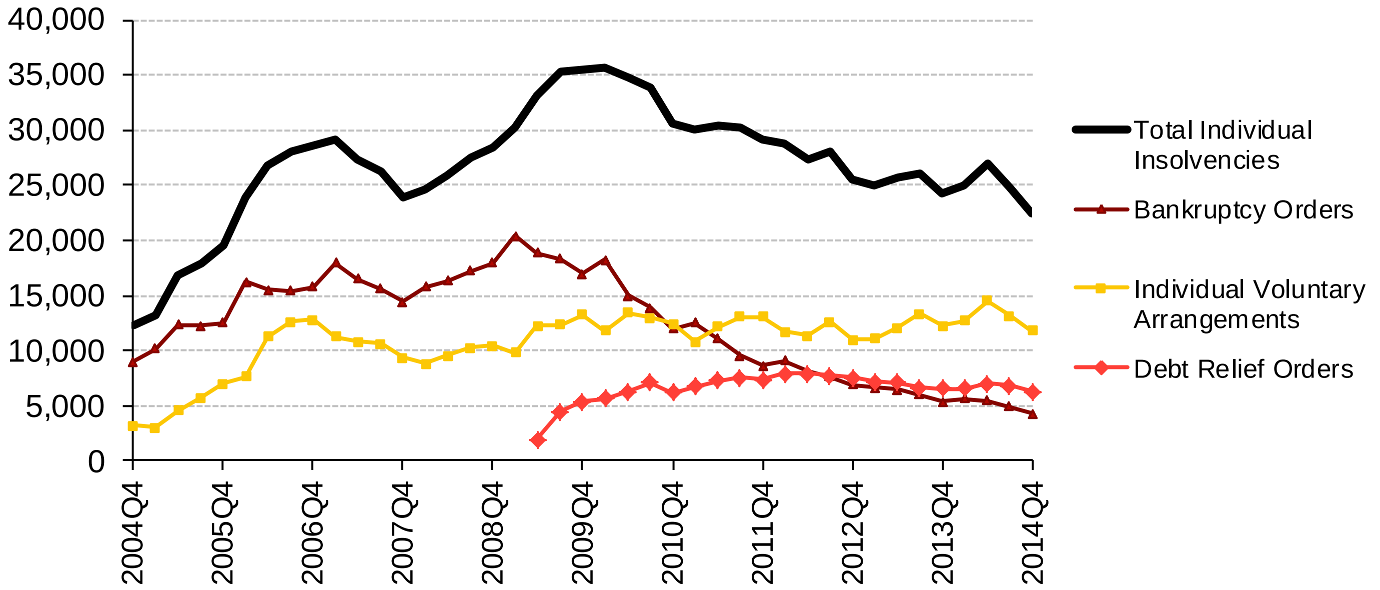
See Tables 1 and 3 of the accompanying Excel file for more information.

Key findings this quarter

Creditors' voluntary liquidations increased	The number of companies entering creditors' voluntary liquidation increased by 4.4% compared with Q3 2014, with the last two quarters showing a reversal of the previous downward trend. However, compared with the same period in 2013, there were 7.6% fewer cases.
Compulsory liquidations remained at trend levels	The number of companies subject to a compulsory winding-up order has decreased for the last three quarters, but remained in line with a fairly stable trend seen since mid-2012 (with Q4 2013 being an exception to this).
Other types of company insolvency all decreased on the previous quarter	The number of companies entering administration decreased by 18.2% in Q4 2014 compared to the previous quarter, and 35.9% on Q4 2013. Company voluntary arrangements and receiverships decreased slightly compared to last quarter, but the trend remains fairly level.
The liquidation rate was at its lowest level	The liquidation rate in the 12 months ending Q4 2014 was at its lowest level since Q4 1984, the earliest period it is possible to calculate the rate.

2.2 Individual insolvency in England and Wales *(Further information: section 3)*

Figure 4: Individual insolvencies in England and Wales[1] (quarterly data, not seasonally adjusted)[2]



Source: Insolvency Service.

[1] Total individual insolvencies for Q2 2009 onwards include Debt Relief Orders, which came into force on 6 April 2009.

[2] The accompanying detailed tables include seasonally adjusted series for bankruptcy orders and IVAs. The series for DROs is not currently long enough to apply seasonal adjustment.

See Table 2 of the accompanying Excel file for more detail.

Key findings this quarter

Total individual insolvencies decreased compared with the same quarter last year	The number of people who became insolvent in England and Wales was 22,433 in Q4 2014, a 7.4% decrease on the same quarter the previous year. This was a return to the generally decreasing trend.
Bankruptcy orders continued to decrease	There were 4,267 bankruptcy orders in Q4 2014, a decrease of 21.1% compared with the same period in 2013 and the lowest level since Q1 1999. However, the introduction of debt relief orders (DROs) in 2009 is likely to have affected the number of bankruptcies.
IVAs and DROs decreased on the same quarter last year	The number of individual voluntary arrangements (IVAs) decreased by 3.4% on the same quarter in 2013. The number of DROs decreased by 3.6% on Q4 2013. There were 6,325 DROs in Q4 2014, the lowest level of DROs since Q4 2010.
The rate of insolvency decreased	In the 12 months ending Q4 2014, 1 in 455 adults (just over 0.2% of the adult population) became insolvent. This was the lowest rate since the 12 months ending Q2 2006.

2.3 Summary tables

Table 3: New company insolvencies in England and Wales[1,2] (seasonally adjusted)[3]

	Number of insolvencies					% change – 2014 Q4 on	
	2013 Q4	2013 Q1r	2014 Q2r	2014 Q3 r	2014 Q4 p	2014 Q3	2013 Q4
Compulsory liquidations	699	1,075	979	860	824	-4.2	17.9
Creditors' voluntary liquidations[2]	2,852	2,649	2,497	2,522	2,634	4.4	-7.6
Receiverships[4]	236	205	171	175	173	-1.1	-26.7
Administrations	599	529	408	469	384	-18.2	-35.9
Company voluntary arrangements	123	142	142	144	135	-6.3	9.8

Source: Insolvency Service and Companies House.

p = provisional, r = revised.

[1] Longer series back to 2005 are presented in the accompanying detailed tables.

[2] Excludes creditors' voluntary liquidations following administration (see section 2.1).

[3] The series for compulsory liquidations, company voluntary arrangements and receiverships do not require seasonal adjustment.

[4] Includes non-insolvent receiverships such as Law of Property Act receiverships, which cannot be identified separately.

Table 4: Individual insolvencies in England and Wales (not seasonally adjusted)[1,2]

	Number of insolvencies					% change – 2014 Q4 on
	2013 Q4	2014 Q1	2014 Q2	2014 Q3 r	2014 Q4 p	2013 Q4
Total Individuals	**24,228**	**24,944**	**26,968**	**24,851**	**22,433**	**-7.4**
Bankruptcy orders	5,409	5,681	5,470	4,900	4,267	-21.1
Debt Relief orders	6,563	6,549	7,006	6,808	6,325	-3.6
Individual voluntary arrangements[3]	12,256	12,714	14,492	13,143	11,841	-3.4

Source: Insolvency Service.

p = provisional, r = revised.

[1] Longer series back to 2005 are presented in the accompanying detailed tables.

[2] Seasonally adjusted figures for bankruptcy orders and individual voluntary arrangements are presented in the accompanying detailed tables.

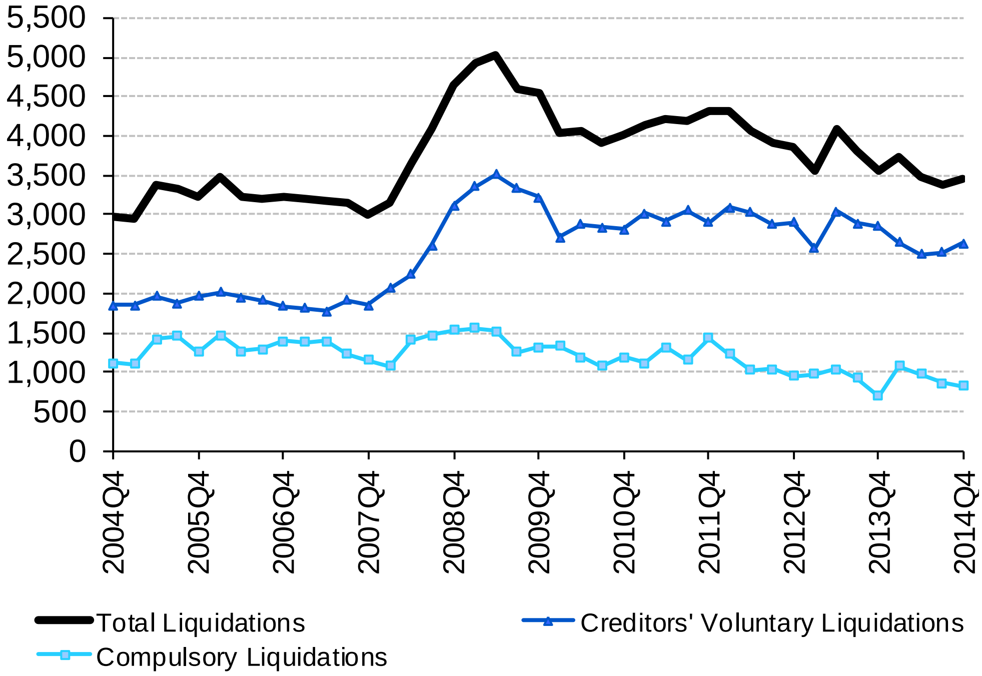
[3]Individual voluntary arrangements figures have been revised back to Q2 2011.

3 Company insolvency in England and Wales

These statistics relate to **incorporated companies (including limited liability partnerships)** – a specific legal form of business that is registered at Companies House. Company insolvency (being unable to pay creditors the money they are owed) can be dealt with through a variety of legal processes, including liquidation (section 2.1) which result in the company ceasing to exist; or through company rescue procedures such as administration (section 2.2).

3.1 Company liquidations

Figure 5: Company liquidations in England and Wales[1]
(quarterly data, seasonally adjusted)[2]



Source: Insolvency Service and Companies House.

[1] Where the liquidation was the first insolvency procedure entered into.

[2] Total company liquidations, and creditors' voluntary liquidations, are seasonally adjusted; compulsory liquidations do not require seasonal adjustment.

See Table 1 of the accompanying Excel file for more detail.

Explanation of key terms

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.

Compulsory liquidation – a winding-up order obtained from the court by a creditor, shareholder or director.

Creditors' voluntary liquidation (CVL) – shareholders of a company can themselves pass a resolution that the company be wound up voluntarily.

In either case they are said to have been **wound up**.

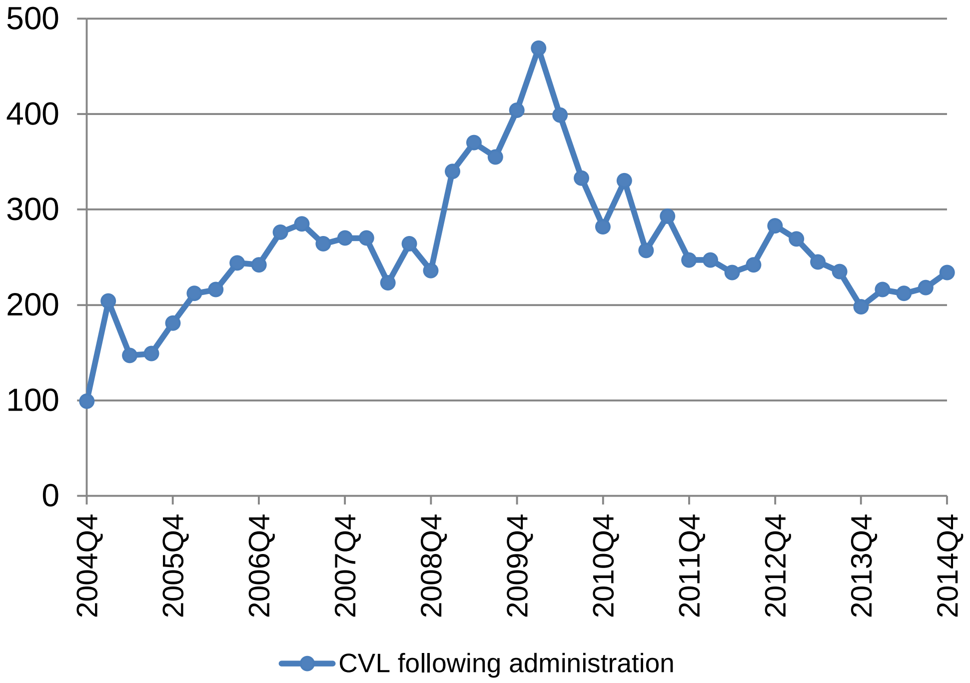
A third type of winding up, members' voluntary liquidation (MVL), is not included because it does not involve insolvency – all creditors' debts are paid in full. Companies House produces statistics on MVLs.

In the fourth quarter of 2014, there were 3,458 company liquidations – a 2.2% increase on the previous quarter but 2.6% less than the same quarter in 2013. In 2014 as a whole there were 14,040 company liquidations, the lowest annual total since 2007.

There were 2,634 creditors' voluntary liquidations (CVLs) in Q4 2014, an increase of 4.4% on the last quarter. This was the second successive quarterly increase after previously seeing a decreasing trend, but was 7.6% lower than the same quarter in 2013. There were 10,302 companies entering into CVL in 2014, a 9.3% decrease compared to the annual total in 2013, and the lowest annual total since 2008.

In October to December 2014 there were 824 compulsory liquidations, a decrease of 4.2% on the previous quarter, the third successive quarterly decrease. The number of compulsory liquidations increased by 17.9% compared with the same quarter in 2013, but this large increase is because of an unusually low number of cases in Q4 2013. There were 3,738 companies subject to a compulsory winding-up order in the calendar year 2014, a 2.9% increase compared to 2013.

Figure 6: Creditors' voluntary liquidation following administration in England and Wales (quarterly data, not seasonally adjusted)



Source: Companies House.

See Table 1c of the accompanying Excel file for more detail.

Explanation of key terms

An administration (see section 2.2) can end in a number of ways, one of which is by entering **creditors' voluntary liquidation following administration.**

These are not included in the figures above as they do not represent a new company entering into an insolvency procedure for the first time.

Following administration, companies could alternatively be returned to the control of their directors and management; be dissolved; enter compulsory liquidation; or enter a voluntary agreement. No separate figures are available on these outcomes.

In the fourth quarter of 2014, 234 companies entered creditors' voluntary liquidation following administration, an increase of 18.2% on the same quarter of 2013.

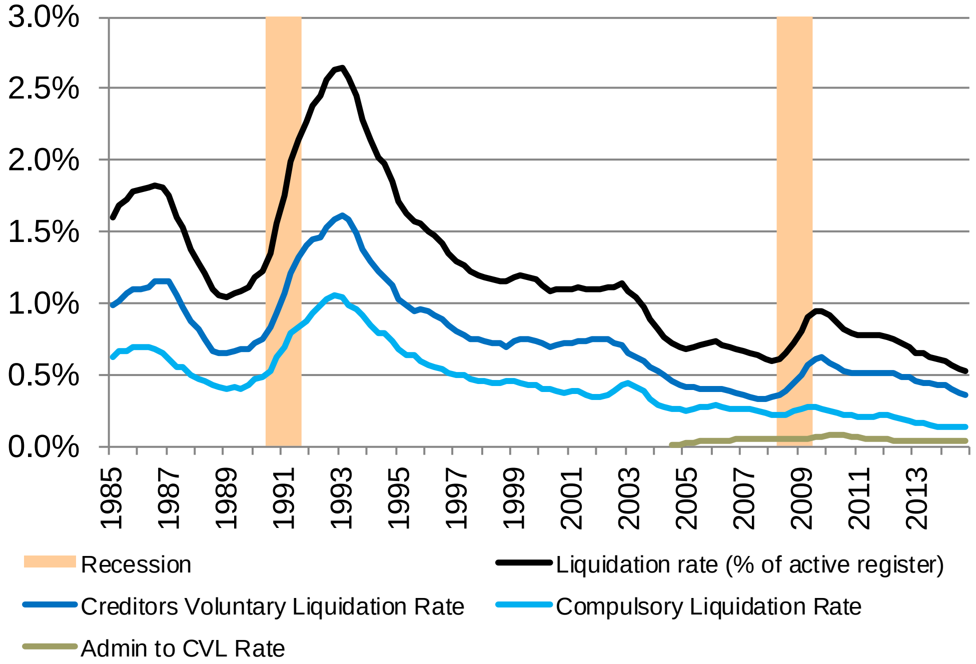
The peak in the number of companies entering creditors' voluntary liquidation following administration was seen in 2010. This is in contrast to the peak of liquidations as a first insolvency procedure, which was in 2009. This is because the usual length of an administration is one year (though it can be extended for a further six months), and the number of administrations peaked in 2009 (section 2.2).

In 2014 a total of 880 companies entered into a creditor voluntary liquidation following an administration, which is the lowest number of cases since 2005. The number of cases has been on a yearly decreasing trend since 2010.

Longer-term perspective

Company liquidations may be expressed as the percentage of active companies, as this takes into account changes over time in the underlying population. As liquidation is a final procedure, meaning there is no risk of double counting companies, creditors' voluntary liquidations following administration are included in the total liquidation rate.

Figure 7: Company liquidation rate in England and Wales
(rolling 12-month rates)



Source: Insolvency Service and Companies House.
See Table 7 of the accompanying Excel file for more detail.

Explanation of key terms

Liquidation rate – the number of company liquidations in the latest twelve month period divided by the average number of active companies in that period.

Active companies – all companies which are registered at [Companies House](), minus those in the process of dissolution or liquidation.

The number of active companies has changed considerably over this period: there were 2.9 million active registered companies in Q3 2014; this compares with only about 900,000 in the early 1990s and fewer than 800,000 in 1986.

In the 12 months ending Q4 2014, 1 in 190 active companies (or 0.53% of all active companies) went into liquidation, down from 1 in 186 in the 12 months ending Q3 2014, and 1 in 165 in the 12 months ending Q4 2013. This continues the downwards trend in the rates from 2011. The liquidation rate was at its lowest level since 1984, the earliest date it is possible to calculate the rate.

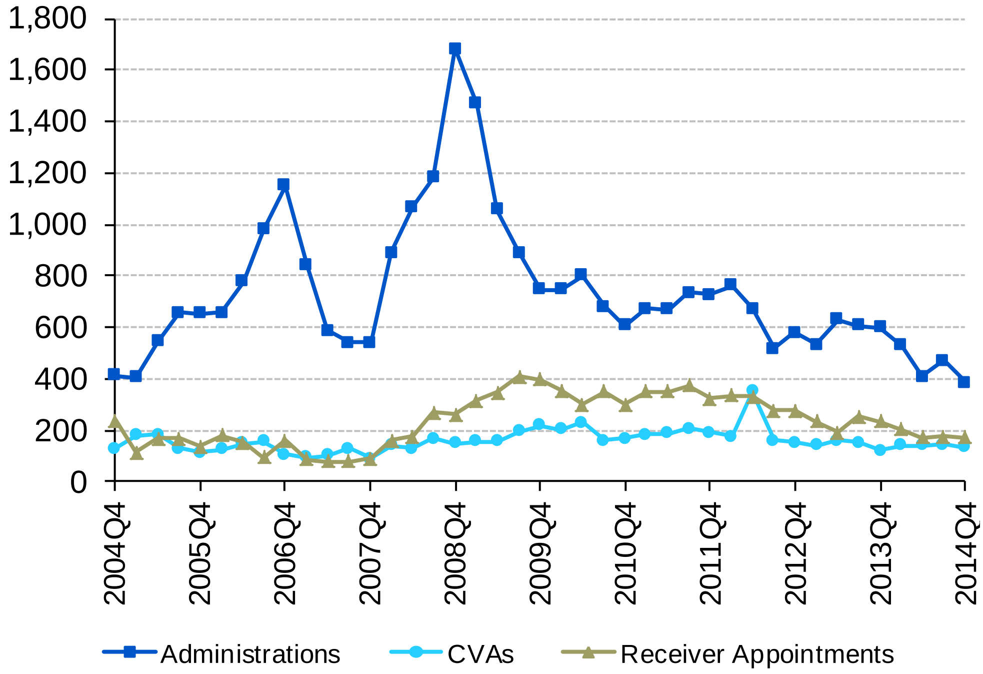
Changes in company liquidation rates are related to economic conditions: in periods of economic growth, liquidation rates tend to decrease. The liquidation rate peaked at 2.6% (24,400 companies) in the year ending March 1993, over a year after the end of the 1990s recession. The next sustained increase in the rate coincided with the 2008-09 recession, when 0.9% (20,500 companies) entered liquidation in the year ending December 2009.

Although the number of liquidations was slightly higher in 1993 than in 2009, the rate of liquidations was substantially higher in 1993. This is because the number of active companies more than doubled over this period, so a much smaller proportion of the total number of companies entered liquidation in 2009.

3.2 Administrations, company voluntary arrangements, and receiverships

These statistics relate to other types of company insolvency, where the objective is the rescue of the business rather than its winding up.

Figure 8: Other company insolvencies in England and Wales
(quarterly data, seasonally adjusted)[1]



Source: Companies House.
[1] Administrations are seasonally adjusted; receiverships and company voluntary arrangements are not seasonally adjusted as the data do not exhibit regular patterns.

See Table 3 of the accompanying Excel file for more detail.

Explanation of key terms

Administration is when a licensed insolvency practitioner, 'the administrator', is appointed to manage a company's affairs, business and property for the benefit of the creditors. 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.

Company voluntary arrangements (CVAs) are also designed as a 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.

Receivership appointments include instances where a creditor with a floating charge (often a bank) appoints a licensed insolvency practitioner to recover the money it is owed. Receivership appointments also include other, non-insolvency, procedures, for example under the Law of Property Act 1925. It is not possible to distinguish between insolvent and non-insolvent receivership appointments so these figures should be treated with caution.

There were 384 administrations in Q4 2014, a decrease of 18.2% compared with the previous quarter, 35.9% lower than the same quarter in 2013, and the lowest quarterly total since Q1 2004. There were 1,790 administrations in the calendar year 2014, a decrease of 24.3% compared with 2013 and the lowest annual total since 2004.

There were 135 company voluntary arrangements (CVAs) in Q4 2014, a 6.3% decrease on the previous quarter but a 9.8% increase on Q4 2013. In 2014 as a whole there were 563 CVAs, a 2.4% decrease on 2013 and the lowest annual total since 2007.

Receivership appointments (including non-insolvent receivership appointments) decreased slightly compared to the previous quarter and are on a broadly stable trend. There were 173 receivership appointments in Q4 2014, a 1.1% decrease in comparison to the previous quarter and a 26.7% decrease on the same quarter in 2013. In the calendar year 2014, there were 724 receivership appointments, a decrease of 21.0% on 2013 and the lowest annual total since 2007.

3.3 Company liquidations by industry

EXPERIMENTAL STATISTICS

These statistics provide a breakdown of company liquidations, by industry, using the Standard Industrial Classification 2007 (SIC2007) – a harmonised set of industry classifications used in other UK Official Statistics. The Excel file which accompanies this release contains equivalent data for other types of company insolvency, and for trading-related bankruptcies, in England and Wales.

The Insolvency Service has classified these statistics as “Experimental Statistics” because the methods used to produce them have changed.

Experimental statistics are defined in the UK Statistics Authority’s *Code of Practice for Official Statistics* as new official statistics that are undergoing evaluation. They are published in order to involve users and stakeholders in their development and as a means to build in quality at an early stage.

Further information on the methods used to produce these statistics is in the Excel file which accompanies this release.

Please send comments on these Experimental Statistics, and any other aspects of this release, to statistics@insolvency.gsi.gov.uk

These statistics are presented with a lag of one quarter, because recording of industry data for compulsory liquidation cases often takes place several weeks following the date of the court order. The accompanying data tables include industry breakdowns for the current quarter (Q4 2014) for creditors’ voluntary liquidations, as well as for administrations, creditors’ voluntary liquidations and receiverships.

As Figure 9 shows, in the twelve months ending Q3 2014, the highest number of total liquidations was in the construction sector (2,370 – down 2.7% from the 12 months ending Q2 2014). This comprised 580 compulsory liquidations (down 7.3%) and 1,790 creditors’ voluntary liquidations (down 1.2%).

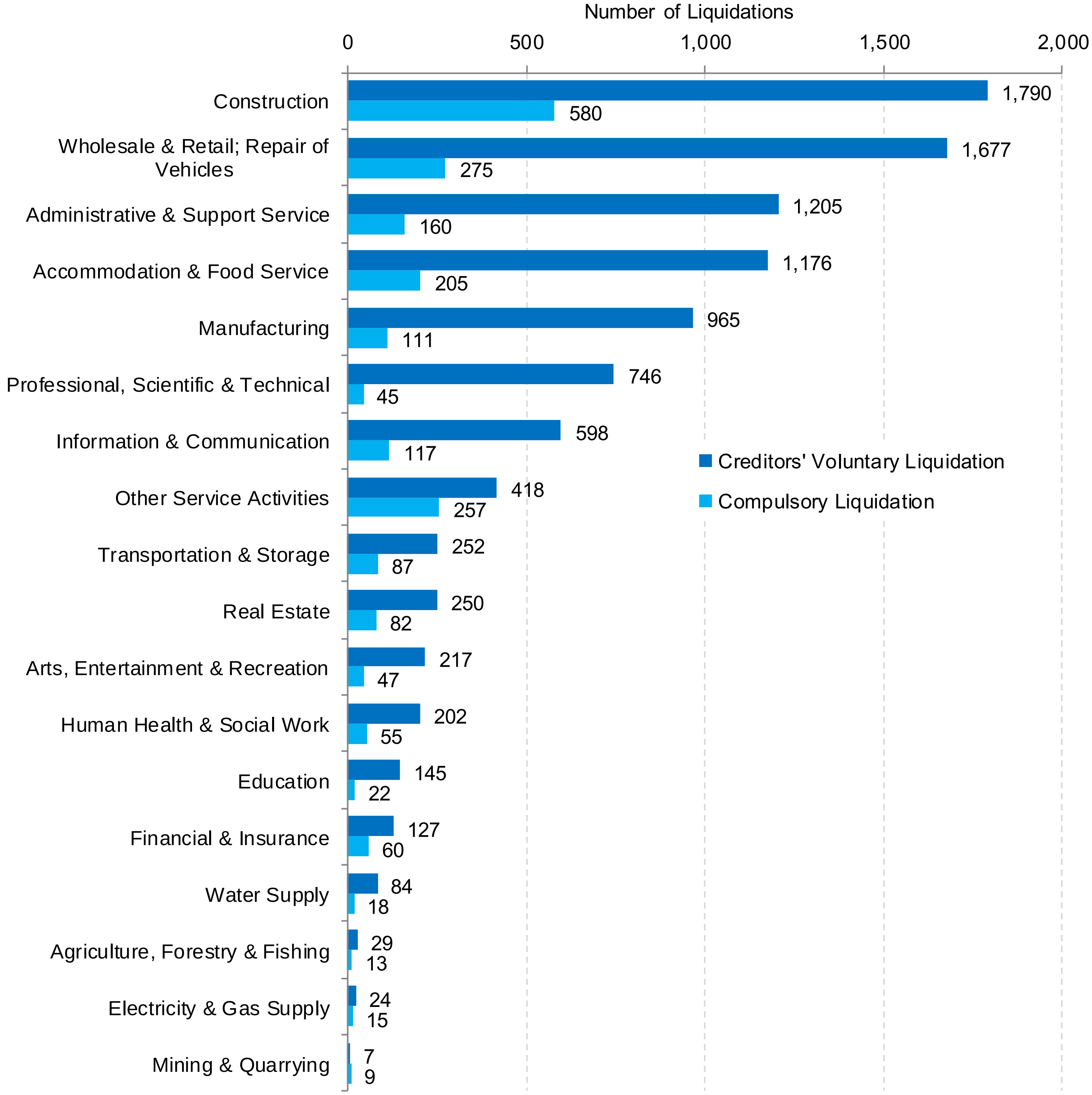
The second highest number of 1,952 liquidations was seen in the wholesale and retail trade sector (275 compulsory liquidations, and 1,677 creditors’ voluntary liquidations). Overall, this was a decrease of 3.5% compared to the 12 months ending Q2 2014.

These statistics do not take into account the base population of companies in each industry sector as this information is not currently available. This means that it is not possible to say whether the rate of liquidations in, for instance, the construction industry was different to the overall rate.

The five industry sectors with the highest number of compulsory liquidations have been the same (though sometimes in a different order) since the 12 months ending Q2 2010: ‘Construction’; ‘Wholesale and retail trade; repair of motor vehicles and motorcycles’; ‘other service activities’; ‘accommodation and food service activities’; and ‘administrative and support service activities’.

For creditors’ voluntary liquidations, the five sectors with the highest number of creditors’ voluntary liquidations are the same as for compulsory liquidations, except for the inclusion of ‘Manufacturing’ for CVLs in place of ‘other service activities’. These five sectors have been the same (though sometimes in a different order) since the 12 months ending Q4 2009.

Figure 9: Total company liquidations in England and Wales by broad industry sector, year ending 2014 Q3[1]



* Where the creditors' voluntary liquidation is the first insolvency procedure entered into (see Notes to Editors).
Industries with fewer than ten liquidations have been excluded.

Source: Insolvency Service and Companies House

[1] A sector breakdown for compulsory liquidations is not yet available for 2014 Q4.

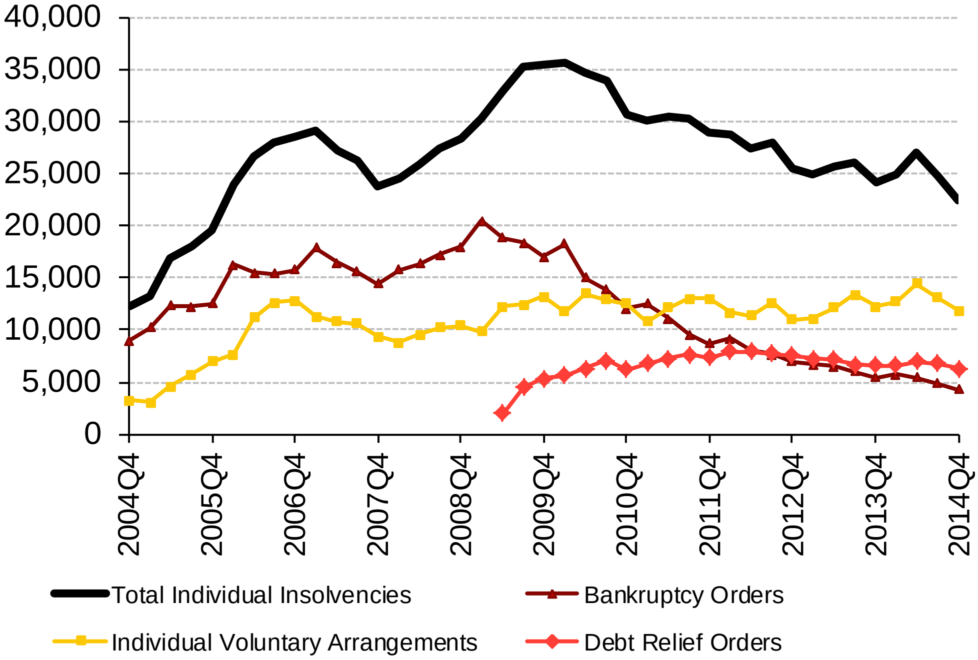
END OF EXPERIMENTAL STATISTICS SECTION

4 Individual insolvency in England and Wales

These statistics relate to **people**, rather than companies, who have had problems with debt and have entered a formal insolvency procedure. There are other, informal, means for individuals to deal with their debts, for example debt management plans, but no official statistics are collected regarding these.

4.1 Bankruptcies, debt relief orders and individual voluntary arrangements

Figure 10: Individual insolvencies in England and Wales[1]
(quarterly data, not seasonally adjusted)[2]



Source: Insolvency Service.

[1] Total individual insolvencies for Q2 2009 onwards include Debt Relief Orders, which came into force on 6 April 2009.

[2] The accompanying detailed tables include seasonally adjusted series for bankruptcy orders and IVAs. The series for DROs is not currently long enough to apply seasonal adjustment.

See Table 2 of the accompanying Excel file for more detail.

Explanation of key terms

Bankruptcy orders – 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 places 12 months after the bankruptcy order is granted.

Debt relief orders (DROs) – a form of debt relief available to those who have a low income, low assets and less than £15,000 of debt. There is no distribution to creditors, and discharge from debts takes place 12 months after the DRO is granted.

DROs were introduced in April 2009.

Individual voluntary arrangements (IVAs) – 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.

All individuals entering these procedures are listed on the Individual Insolvency Register, and remain on the list until three months after their insolvency ends.

In Q4 2014, there were 22,433 individual insolvencies in England and Wales, comprising 4,267 bankruptcies, 6,325 debt relief orders (DROs), and 11,841 IVAs.

In total, individual insolvencies have generally been on a decreasing trend since 2010, and in Q4 2014 decreased by 7.4% compared with the same period in 2013. There were a total of 99,196 individual insolvencies in 2014, a 1.8% decrease compared to 2013 and the lowest annual total since 2005. The number of individual insolvencies has fallen each year since the peak in 2010.

In Q4 2014 there were 11,841 IVAs, which was 3.4% less than in Q4 2013. IVAs comprised more than half (53%) of all individual insolvencies in Q4 2014, a substantial increase from 23% in 2004. The number of IVAs each quarter, having been fairly stable since 2010, has generally been on an increasing trend since early 2013. In 2014 as a whole, there were 52,190 IVAs, a 6.8% increase on 2013 and the highest annual total since IVAs were introduced in 1987.

Continued over

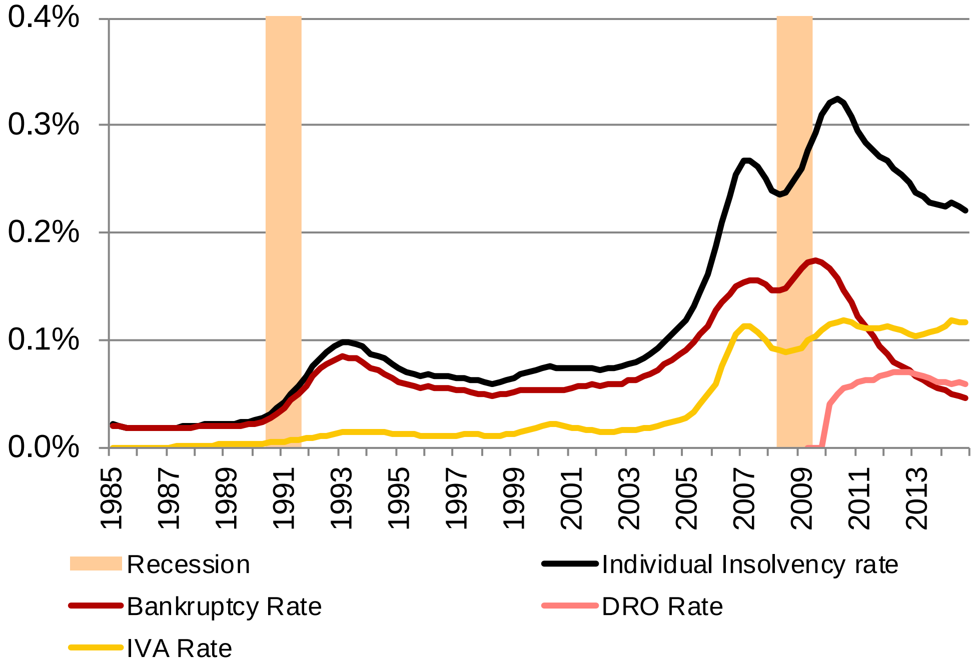
The number of bankruptcies has been on a decreasing trend since 2009, with the rate of decrease most rapid following the introduction of DROs in 2009, and slowing from 2012 onwards. There were 4,267 bankruptcy orders in Q4 2014, which was a 21.1% decrease compared with Q4 2013 and the lowest level since Q1 1999. There were a total of 20,318 bankruptcy orders in 2014, 17.3% lower than 2013 and the lowest annual total since 1998. The number of bankruptcy orders has decreased annually since 2009.

There were 6,325 DROs in Q4 2014, the lowest level of DROs since Q4 2010. There were 26,688 DROs in 2014, a 3.1% decrease compared to 2013 and the lowest annual total since 2010, which was the first full year this form of insolvency was available.

Longer-term perspective

Individual insolvencies can be expressed as a percentage of the adult population, as this takes into account changes over time in the underlying population. In this section, rolling 12-month total individual insolvencies are compared with the estimated adult (18+) population of England and Wales.

Figure 11: Individual insolvency rate in England and Wales
(rolling 12-month rates)



Source: Insolvency Service, Office for National Statistics.

See Table 8 of the accompanying Excel file for more detail.

Explanation of key terms

Insolvency rate –the total number of bankruptcies, IVAs and DROs in the latest twelve month period, divided by the average estimated adult (18+) population of England and Wales.

Bankruptcy, IVA and DRO rates are calculated in the same way.

In the 12 months ending Q4 2014, 1 in 455 adults (0.22% of the adult population) became insolvent. This is down from 1 in 446 in the twelve months ending Q3 2014 and the lowest rate since Q2 2006. With one exception (Q2 2014), the individual insolvency rate had decreased each quarter since mid-2010, but it is still elevated compared with rates of less than 0.1% observed before 2004.

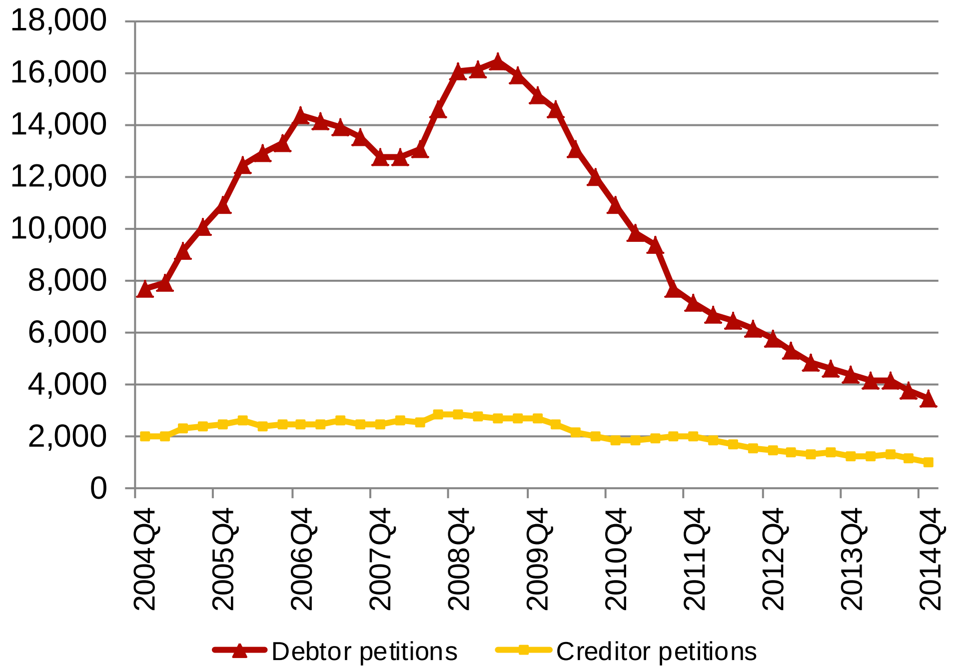
The bankruptcy rate has decreased each quarter since the 12 months ending Q3 2009, while the DRO rate has remained fairly constant since Q4 2013. The IVA rate decreased for the second consecutive quarter.

The individual insolvency rate is related to levels of household debt, and with economic growth. The expansion of credit in the early- to mid-2000s coincided with a large increase in the individual insolvency rate, which abated following the credit crunch in 2007 before increasing again during the 2008-09 recession.

For IVAs specifically, the rapid increase from 2004 to 2006 coincided with high levels of advertising by companies which manage these arrangements. The reduction in 2007 and 2008 could be because of creditors rejecting IVAs with low repayment rates.

4.2 Characteristics of bankruptcies

Figure 12: Bankruptcies in England and Wales: petition type
(quarterly data, seasonally adjusted)



Source: Insolvency Service.

See Table 2a of the accompanying Excel file for more detail.

Explanation of key terms

Debtor petition – where the individual is unable to pay their debts, and applies to the court to declare themselves bankrupt.

Creditor petition – if a creditor is owed £750 or more, they can apply to the court to make an individual bankrupt.

Not all petitions to court result in a bankruptcy order. These statistics relate to petitions where a court order was made as a result.

The Ministry of Justice publishes quarterly National Statistics on the total number of bankruptcy petitions presented to court in England and Wales.

In Q4 2014 there were 3,497 debtor petition bankruptcies, which was 6.6% less than the previous quarter, 20.6% less than the same quarter in 2013 and 79% lower than the peak in Q2 2009.

There were 1,018 creditor petition bankruptcies, which was 18.9% less than the last quarter and 11.8% less than the same quarter in 2013.

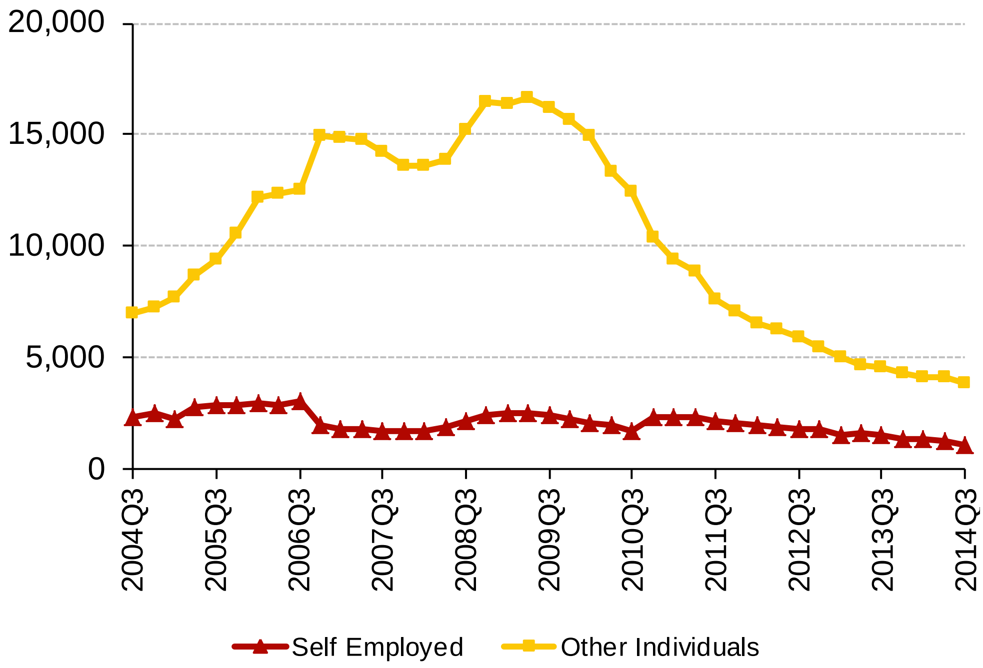
The level of debtor petition bankruptcies has been following a generally decreasing trend since 2009. Creditor petition bankruptcy numbers have also been falling over a similar period, though less rapidly and less consistently.

The annual number of creditor petitions peaked in 2009 with 10,866 creditor petitions. In 2014 there were a total of 4,767 creditor petitions, which was the lowest annual total since data began to be collected in this form in 1998, and a fall of 56% from the peak in 2009.

The number of debtor petition bankruptcies increased until 2006, coinciding with increasing levels of household debt. As the availability of credit decreased in 2007 and 2008, so did the number of these cases, before they increased again during the recession of 2008-09.

The annual number of debtor petitions peaked in 2009 with 63,804 debtor petitions. In 2014 there were 15,551 debtor petitions, which was a fall of 76% from its peak in 2009 and the lowest annual total since 2001.

Figure 13: Bankruptcies in England and Wales: trading status
(quarterly data, seasonally adjusted)



Source: Insolvency Service.

See Table 2b of the accompanying Excel file for more detail.

Explanation of key terms

Self-employed – individuals who have entered bankruptcy, and who have identified themselves as being self-employed.

Other individuals – those who were not self-employed at the point at which they became bankrupt, or where this information is unknown.

Changes have been made to the part of the database used to capture information on trading status and industry codes. The breakdown by trading status from Q4 2006 should not therefore be considered to be entirely consistent with that for the period before this quarter.

These statistics are presented with a lag of one quarter on most other statistics in this release, because it can take a number of weeks for trading status to be recorded following the date of the bankruptcy order.

In Q3 2014, there were 1,108 bankruptcies where the individual was self-employed, 11.8% less than Q2 2014 and 26.9% less than Q3 2013. This was in line with a generally decreasing trend since 2011.

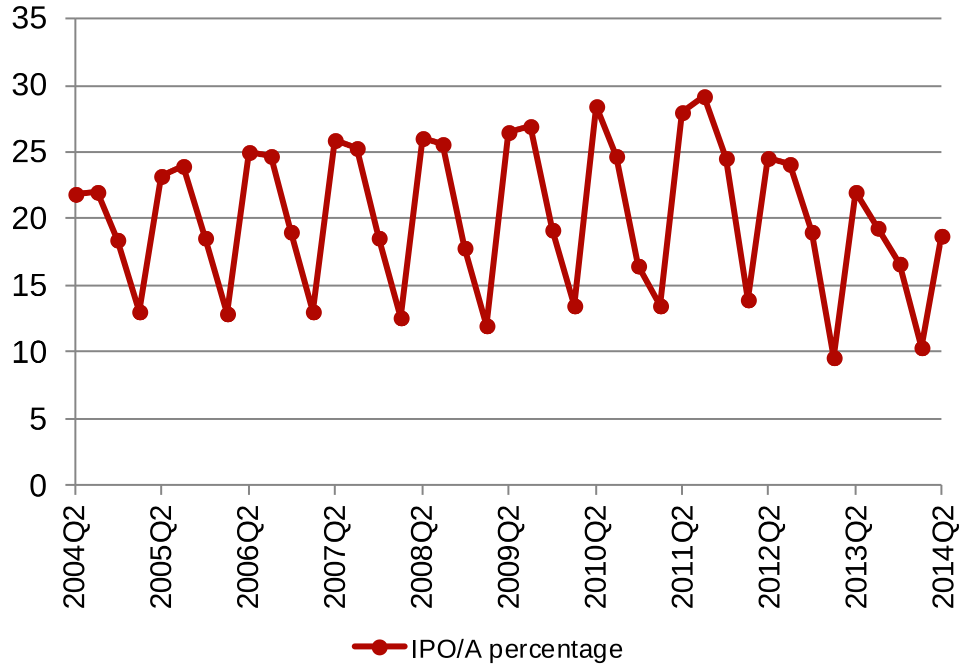
There were 3,831 bankruptcies among other individuals, a decrease of 7.6% compared with the previous quarter, and 15.6% lower than the same quarter the previous year, in line with the decreasing trend since late 2009. However, from looking at quarter on quarter declines the rate of decrease is becoming slower.

The rate of decrease in bankruptcy orders has been less rapid for self-employed individuals than for others. This means that the proportion of bankruptcy orders where the individual was self-employed is higher than it has been in earlier years, although the rate of bankruptcy has decreased in recent quarters.

Looking over a longer period, the number of bankruptcies among other individuals followed a similar pattern to debtor petition bankruptcies (see above). This is because most debtor petition bankruptcies (currently around 80%) are for other individuals. For creditor petition bankruptcies, currently around half are self-employed individuals.

Figure 14: Percentage of bankruptcies in England and Wales resulting in income payment agreements / orders

(quarterly data, not seasonally adjusted)



Source: Insolvency Service.

See Table 2c of the accompanying Excel file for more detail.

Explanation of key terms

Bankrupts who can make reasonable contributions to their debts are required to do so under an **income payments agreement** (IPA).

If they do not agree, the official receiver or trustee in the bankruptcy will apply to court for an **income payments order** (IPO).

IPA or IPO payments come from surplus income – money left over from income after reasonable living expenses have been deducted.

An IPA or IPO will normally be payable for 36 months.

These statistics are presented with a lag of two quarters on most other statistics in this release, because it can take a number of months for income payment agreements (IPAs) or income payment orders (IPOs) to be made, following the date of the bankruptcy order.

18.7% of bankruptcy orders made in Q2 2014 resulted in an IPA or IPO, a decrease of 3.3 percentage points on the same quarter a year earlier.

It is only possible to obtain an IPA or IPO if the bankrupt has surplus income. Official receivers have reported that the recent decrease in the percentage of bankruptcies resulting in an IPA or IPO can be explained by income growth being generally lower than increases in consumer prices, leading to a smaller percentage of bankrupts having surplus income. The most recent statistics show that growth in average weekly earnings was higher than growth in consumer prices, which could affect these statistics in future.

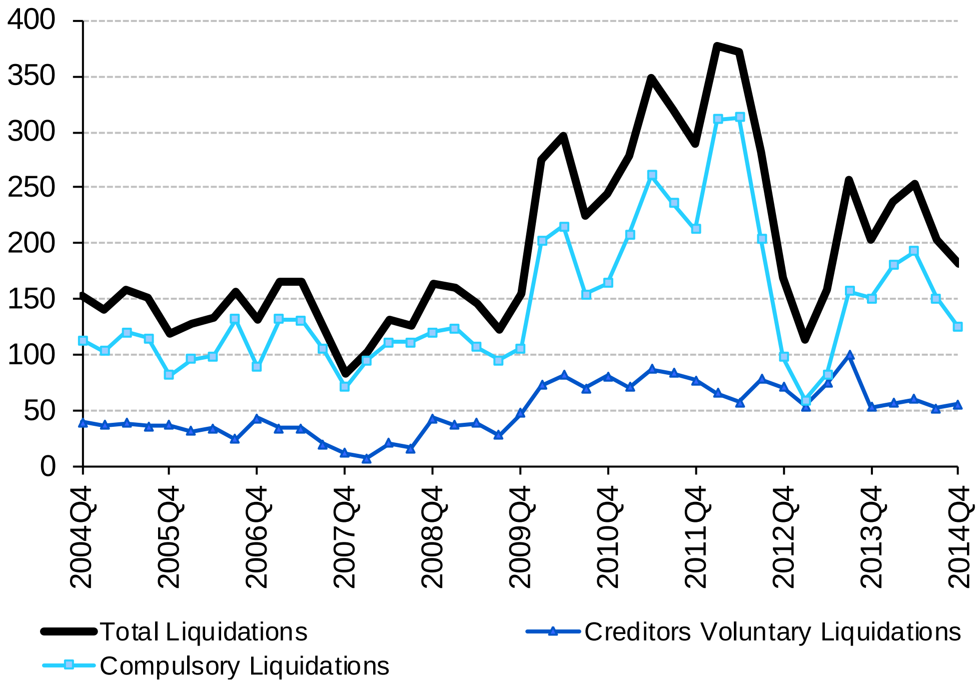
These data exhibit clear seasonal patterns which will be examined and accounted for in the next review of seasonal adjustment. The percentage of bankruptcies resulting in an IPA or IPO is usually highest in April to June, and July to September, each year. This is likely to be because of treatment of income tax in bankruptcy: where individuals pay tax under PAYE, HM Revenue and Customs will usually apply a ‘nil tax’ code for the remainder of the tax year in which the bankruptcy occurred. This results in additional take-home pay for individuals, which in some cases means there is surplus income available to be claimed in that tax year where otherwise there may not have been.

5 Insolvency in Scotland

5.1 Company insolvency

Company insolvency in Scotland is governed by broadly the same legislation as for England and Wales; however, the development of policy on and the recording of information about liquidations and receiverships is devolved to the Scottish Government, so figures are presented separately.

Figure 15: Company liquidations in Scotland
(quarterly data, not seasonally adjusted)



Source: Companies House.

Creditors' Voluntary includes those companies which had previously been in administration or other insolvency procedure.

See Tables 4 and 5 of the accompanying Excel file for more detail.

Explanation of key terms

See section 2 (company insolvency in England and Wales) for further information.

The Excel file which accompanies this release additionally contains statistics on the number of administrations, receiverships and CVAs in Scotland.

The Accountant in Bankruptcy (AiB), Scotland's Insolvency Service, publishes quarterly Official Statistics on company liquidations. These are based on AiB's administrative records, and are not coherent with these statistics, which are based on data from Companies House.

In the fourth quarter of 2014, there were 181 company liquidations in Scotland – a 11.3% decrease on the same quarter of 2013. Liquidations were fairly stable until 2009, followed by a generally increasing trend until a period of rapid decrease between Q2 2012 and Q1 2013. In 2014 as a whole, there were 874 company insolvencies, 19.4% more than in 2013.

The total number of company liquidations in Scotland is driven by the number of compulsory cases. This is in contrast to England and Wales, where the number of creditors' voluntary liquidations (CVLs) account for the majority of company liquidations. This difference may be because in England and Wales, the Insolvency Service manages the initial stage of case administration for all compulsory liquidations, for which a fee is charged. In 2014 there were 649 compulsory liquidations, a 44.2% increase on 2013.

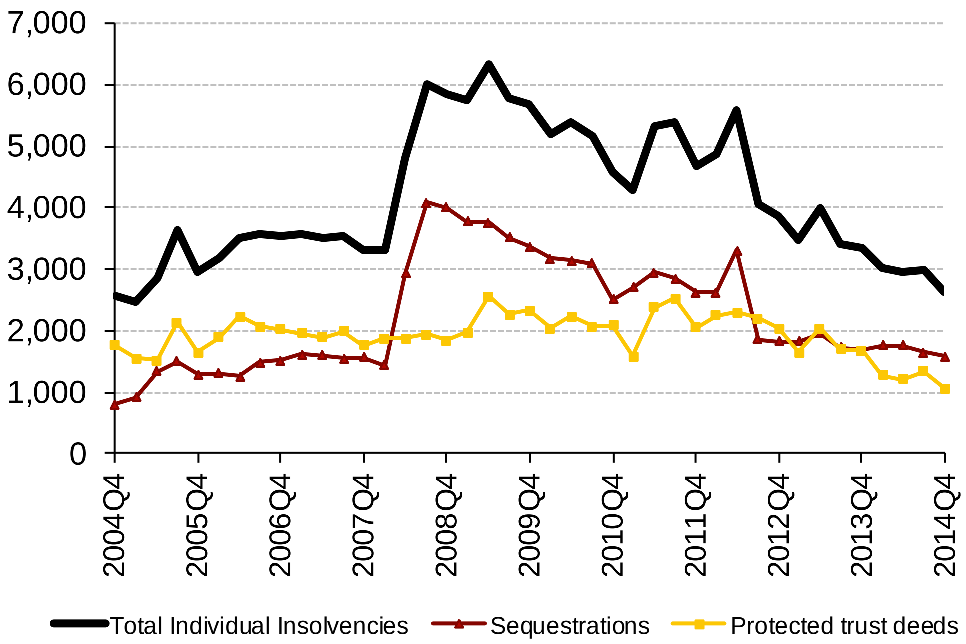
There were 125 compulsory liquidations in the fourth quarter of 2014, compared to 56 CVLs. The number of CVLs has remained largely stable, with between 50 and 100 cases in each quarter since 2010. There were 225 CVLs in 2014, a 20.2% fall from a total of 282 CVLs in 2013.

There were 29 other company insolvency procedures in the fourth quarter of 2014. This consists of 1 receivership appointment, 25 administrations and 3 company voluntary arrangements.

5.2 Individual insolvency

Legislation relating to individual insolvency in Scotland is devolved. The Accountant in Bankruptcy, Scotland's Insolvency Service, administers individual insolvency in Scotland.

Figure 16: Individual insolvencies in Scotland
(quarterly data, not seasonally adjusted)



Source: Accountant in Bankruptcy (AiB), AiB Quarterly Statistics – Q1 2014/15

The sequestration figures include LILA (Low Income, Low Assets) cases. These were introduced as a new route into bankruptcy under the Bankruptcy and Diligence etc (Scotland) Act 2007, with effect from 1 April 2008.

See Table 4 of the accompanying Excel file for more detail.

Explanation of key terms

Sequestration fulfils much the same role as bankruptcy in England and Wales.

In April 2008, the law was changed to offer a new route into sequestration for individuals with **low income and low assets** (LILA), which resulted in a large increase in the number of sequestrations in Scotland.

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 or Northern Ireland.

These statistics do not include debt payment programmes under the debt arrangement scheme, which are not formal insolvencies.

In Q4 2014, there were 2,633 individual insolvencies in Scotland, 21.3% lower than the same quarter in 2013 and continuing the generally downwards trend seen since the beginning of 2012. There were a total of 11,621 individual insolvencies in 2014, which is a 50.6% fall from the peak in 2009 and the lowest annual total since 2004.

The level of sequestrations continued to fall and in Q4 2014 there were 1,577 sequestrations, 5.7% lower than the same period in 2013. In 2014 as a whole there were 6,744 sequestrations, a decrease of 6.2% compared with 2013 and the lowest annual total since 2007.

A new route into sequestration was introduced in Q2 2008. The Low Income Low Asset (LILA) route was aimed at widening access to debt relief, and resulted in a large increase in the number of sequestrations. Since then, sequestrations have shown a generally downwards trend since the beginning of 2008 and recent totals are now approaching those levels seen before the introduction of LILA.

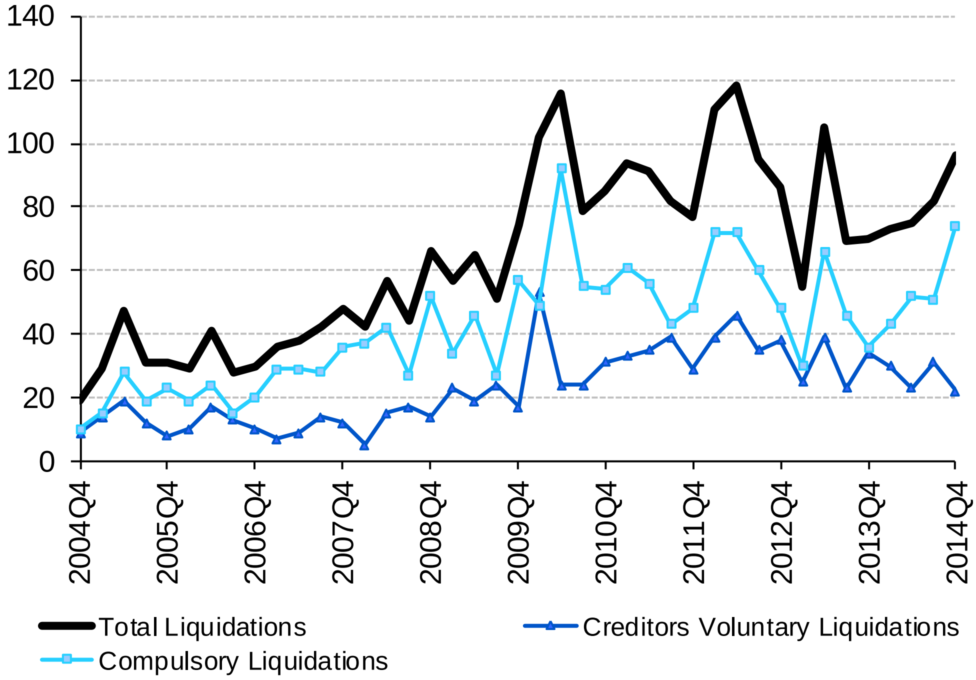
By comparison, the number of protected trust deeds (PTDs) had been fairly stable since 2008, but since 2013 has followed a downward trend. This may be because of a corresponding increasing trend in the number of people instead entering debt payment programmes (DPPs) under the Debt Arrangement Scheme. These are not formal insolvencies, but are binding agreements with creditors to repay debts in full over an agreed period. In Q4 2013, there were 1,056 PTDs, a decrease of 36.9% compared with Q4 2013. In 2014 as a whole, there were 4,877 PTDs, a decrease of 7.1% compared with 2013 and the lowest annual total since 2001.

6 Insolvency in Northern Ireland

6.1 Company insolvency

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

Figure 17: Company liquidations in Northern Ireland
(quarterly data, not seasonally adjusted)



Sources: Department for Enterprise, Trade and Investment, Northern Ireland; Companies House.

See Table 6 of the accompanying Excel file for more detail.

Explanation of key terms

See section 2 (company insolvency in England and Wales) for further information.

There were 96 company liquidations in Northern Ireland in Q4 2014, 37.1% less than the same quarter in 2013. Of these, 74 were compulsory liquidations (up 105.6% on the same quarter last year), and 22 were creditors' voluntary liquidations (CVLs, down 35.3% on the same quarter last year).

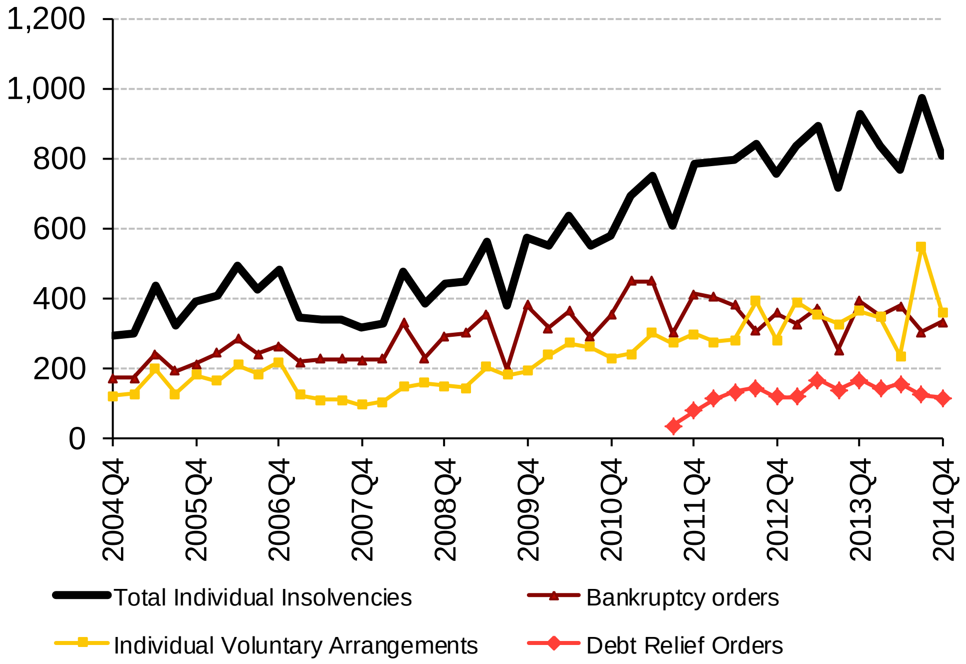
The number of CVLs in Northern Ireland increased between 2007 and 2010, but has been fairly stable since then. The number of compulsory liquidations has been more volatile.

There were 326 company insolvencies in 2014, which was 9% more than the total in 2013.

6.2 Individual insolvency

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

Figure 18: Individual insolvencies in Northern Ireland
(quarterly data, not seasonally adjusted)



Source: Department for Enterprise, Trade and Investment, Northern Ireland.
See Table 6 of the accompanying Excel file for more detail.

Explanation of key terms

Bankruptcy orders – 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 places 12 months after the bankruptcy order is granted.

Debt relief orders (DROs) – a form of debt relief available to those who have a low income, low assets and less than £15,000 of debt. There is no distribution to creditors, and discharge from debts takes place 12 months after the DRO is granted.

DROs were introduced in June 2011.

Individual voluntary arrangements (IVAs) – 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.

There were 811 individual insolvencies in Northern Ireland in Q4 2014, 12.4% less than the same quarter in 2013. Of these, 334 were bankruptcies (down 15% on the same quarter last year), 116 were DROs (down 31% on the same quarter last year), and 361 were IVAs (down 1.1% on the same quarter last year).

Though the graph highlights key changes, it should be noted that the volatility in the data is because the numbers of insolvency are low, so any small changes will result in large percentage changes.

The total number of individual insolvencies in Northern Ireland has been on a generally increasing trend since 2007. This has been driven by increases in the number of IVAs over this period, and the introduction and subsequent increase in the number of DROs. By contrast, the number of bankruptcies has followed a fairly stable trend since 2011.

There were a total of 3,395 individual insolvencies in 2014, which was 0.7% higher than in 2013 and the highest annual total since figures were first recorded in 1998.

7 Background notes

Data sources and methodology

More details may be found in: Insolvency Statistics Methodology, the Statement of Administrative Sources, and The Insolvency Statistics Revisions Policy.

Data sources

The statistics for England and Wales are derived from administrative records of the Insolvency Service and Companies House, both of which are Executive Agencies of the Department for Business, Innovation and Skills (BIS). For Scotland, the company insolvency statistics are derived from administrative records at Companies House, while figures for individual insolvencies in Scotland are sourced from the Office of the Accountant in Bankruptcy (AiB). The Northern Ireland statistics are derived from administrative records of the DETI Insolvency Service and from Companies House. The adult (18+) population data for England and Wales (used in the calculation of individual insolvency rates) are created using annual mid-year population estimates by single year of age sourced from the ONS Population Estimates Unit: http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Population+Estimates

Methodology

The statistics are produced via tabulation of raw data collected from the various sources.

The methods used to produce breakdowns by industry are described in more detail in the accompanying Excel file.

Seasonal adjustment is performed on certain data series. The X13-ARIMA-SEATS program (developed by the US Census Bureau) is used for the seasonal adjustment of the *Insolvency Statistics*, this being the recommended program within UK National Statistics. Seasonal adjustment models are reviewed annually: the most recent review was completed in April 2014 with the outcome published at https://www.gov.uk/government/publications/insolvency-statistics-january-to-march-2014. In this latest review, the series for compulsory liquidations was found not to exhibit seasonal patterns, so adjustment has been discontinued.

Revisions

These statistics are subject to scheduled revisions, as set out in the published revisions policy. 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. Such revisions tend to be small in the context of overall totals; nonetheless all figures in this release that have been revised since the previous edition have been highlighted in the relevant tables.

Figures sourced from Companies House (E&W) were revised previously (where appropriate) between 2007 Q1 and 2008 Q1. This reflected inaccuracies identified in the counting of cases during validation following the move to a new IT system in February 2008. The most noticeable revisions were to receiverships (where some companies had been counted more than once); the rest of this series prior to 2007 is not available on a revised basis. However, it should also be noted that because the revised counts have been run against a live database, they do not exactly reflect the original numbers of new cases that would have been reported.

Quality

This section provides information on the quality of the *Insolvency Statistics*, to enable users to judge whether or not the data are of sufficient quality for their intended use. The section is structured in terms of the six quality dimensions of the European Statistical System. Further information can be found in the statement on quality strategy, principles and processes, which cover all Official Statistics outputs from the Insolvency Service.

Relevance *(the degree to which the statistical product meets user needs for both coverage and content)*

The *Insolvency Statistics* are the most comprehensive record of the number of corporate and individual insolvencies in England and Wales. They include all formal types of insolvency procedure currently available. Insolvencies in Scotland and Northern Ireland are also included, but are shown separately as they are covered by separate legislation. There are some differences in definition, and policy responsibility for them lies within the devolved administrations. The Statistics Release itself covers the most recent 10 years of annual and quarterly figures; while historic data series are also available (back to 1960 in some cases), as are related sets of Official Statistics on insolvency.

Key users of the *Insolvency Statistics* include the Insolvency Service itself, which has policy responsibility for insolvency in England and Wales and for the non-devolved areas within Scotland and Northern Ireland; other government departments; parliament; the insolvency profession; debt advice agencies; media organisations; academics; the financial sector; the business community and the general public. The headline quarterly statistics are widely reported in national, regional and specialist media on the day of release.

The statistical production team welcomes feedback from users of the *Insolvency Statistics* (current contact details are provided at the end of these Notes). More formal engagement with users has recently included a user feedback survey on Insolvency Service Official Statistics.

Accuracy and Completeness *(including the closeness between an estimated or stated result and the [unknown] true value)*

All formal insolvency procedures entered into by a company, a partnership or an individual are required by law to be reported to the appropriate body, so the statistics should be a complete record of insolvency in the United Kingdom.

Generally speaking, numbers of cases are based on the date the insolvency procedure was registered on the administrative recording system, not on the date of the order or agreement. The implication of this is that the published figures should capture all cases (on that definition) in a particular reporting period and they will not be influenced by, for example, the late reporting of orders made leading to missing data. The exceptions for England and Wales are compulsory liquidations and bankruptcy orders (since Q2 2011), and debt relief orders (since their implementation in April 2009), for which new case numbers are reported against the date of the court order. This should be noted when making comparisons of trends over time. Checks are in place to identify and remove duplication of cases, to ensure that returns cover all reporting areas, and to check consistency within tables and between related tables.

Coherence *(the degree to which data which are derived from different sources or methods, but which refer to the same phenomenon, are similar)*

The Insolvency Service also publishes individual insolvency statistics on a regional basis, and outcome statistics for individual voluntary arrangements, both as Official Statistics. These report figures on an annual basis, and they differ from the headline quarterly *Insolvency Statistics* in that there are some differences in the case selection criteria and/or the database from which they are sourced; this means that the totals are not identical between different outputs.

Companies House produces monthly official statistics on company insolvencies registered each week, and totals for the period covered by the publication (either four or five weeks). These are not consistent with the *Insolvency Statistics*, which cover calendar quarters.

The Accountant in Bankruptcy (AiB) is required to be notified of all company liquidations and receiverships in Scotland, and publishes quarterly official statistics based on its own administrative records. These differ from the *Insolvency Statistics*, which use data from Companies House as the source. Differences are due to Companies House data using the registration date on its own administrative system, and the Accountant in Bankruptcy using its own administrative system's date. AiB does not publish information on the number of company voluntary arrangements or administrations, which are a reserved matter for the UK government.

AiB also publishes quarterly statistics on the number of individual insolvencies, which are reproduced in the *Insolvency Statistics*.

The Office for National Statistics produces annual statistics on business "deaths" in its Business Demography publication. These statistics relate to all registered businesses, whereas the *Insolvency Statistics* relate to companies on the Companies House register. Not all business deaths are because of insolvency.

Timeliness and Punctuality *(Timeliness refers to the elapsed time between publication and the period to which the data refer. Punctuality refers to the time lag between the actual and planned dates of publication.)*

The *Insolvency Statistics* are usually published on the 29th of the month following the end of the quarter being reported on; this is the earliest publication date which ensures receipt of all the data inputs, and allows sufficient time for liaising with data suppliers and completing all the steps between this and compilation of the statistical release in its final form ready for publication. The exception to this is where the 29th falls on a weekend or a Monday, when the statistics will be delayed until the following Tuesday, or brought forward to an earlier date if possible.

There is a publication schedule for a year ahead available on the UK National Statistics Publication Hub and the statistics have always been published on target.

Accessibility and Clarity *(Accessibility is the ease with which users are able to access the data. It also relates to the format in which the data are available and the availability of supporting information. Clarity refers to the quality and sufficiency of metadata, illustrations and accompanying advice)*

The *Insolvency Statistics* are available free of charge to the end user on the Insolvency Service website. They are released via the Publication Hub and they meet the standards required under the Code of Practice for Official Statistics and the Insolvency Service's own website accessibility policy.

Historic data are also published for the key series, on the National Archives website.

Views on the clarity of the publication are welcomed via the contact details at the end of these notes.

Comparability *(the degree to which data can be compared over time and domain)*

Changes in legislation and policy can affect the extent to which comparisons can be made over time for individual data series. Where such changes are known, they have been highlighted in explanatory notes at the bottom of the tables in the accompanying Excel file.

The series for bankruptcy orders will have been impacted by the introduction (with effect from 6 April 2009) of debt relief orders (DROs). DROs comprise some of those individuals who would have otherwise been declared bankrupt (a subset of DRO-eligible cases, who were advised of the DRO route and chose to take it) and other individuals who, perhaps, could not have afforded the fee to enter into bankruptcy and who may have otherwise been in an informal debt management process, or been unable to access any form of debt resolution. It is not possible to quantify exactly the impact of the introduction of DROs on the number of bankruptcy orders. The series for DROs is currently not long enough to formally seasonally adjust. Table 2 therefore only shows bankruptcy orders and IVAs on a seasonally adjusted basis.

See also **Subject Context** below for additional specific aspects relevant to comparability.

Subject context

(Including relevant insolvency legislation, policy and practice in England and Wales, Scotland, and Northern Ireland.)

Company insolvency

Insolvent companies entering liquidation in England & Wales and Scotland are dealt with under the Insolvency Act of 1986 and, in Northern Ireland, by the Insolvency (Northern Ireland) Order 1989. They can **either** be the subject of a **compulsory liquidation** (winding-up) order obtained from the court by a creditor, shareholder or director **or** themselves pass a resolution, subject to the approval of a creditors' meeting that the company be wound up voluntarily (**creditors voluntary liquidations**, registered at Companies House/Companies Registry). In either case they are said to have been **wound-up**, and numbers are given in Tables 1, 4 and 6. A third type of winding-up, members' voluntary liquidation, is not included because it does not involve insolvency.

The Insolvency Act 1986 and, in Northern Ireland, the Insolvency (Northern Ireland) Order 1989 also introduced the procedures of **company administration orders** and **company voluntary arrangements (CVAs)**. The administration procedure gives a period of time during which creditors are restrained from taking action and a court appointed administrator puts forward proposals to deal with the company's financial difficulties. The CVA procedure aids business by enabling a company in financial difficulty to come to a binding agreement with its creditors. These are listed separately under Table 3 for England and Wales and Table 5 for Scotland.

The Enterprise Act 2002 introduced revisions to the corporate administration procedures, replacing Part II of the Insolvency Act 1986 with Schedule B1. These include the introduction of additional entry routes into administration that do not require the making of an administration order and a streamlined process for **Administrations** whereby a company can in some circumstances be dissolved without recourse to liquidation. The primary objective of administration (and of CVAs) is the rescue of the company as a going concern. These provisions came into force on 15th September 2003 and **Administrations under the Enterprise Act** have been included on Tables 3 and 5 from Q3 2003 (dissolution follows 3 months after a notice is filed with the Registrar of Companies, if no objections are raised by the court). On 27th March 2006 the Insolvency (Northern Ireland) Order 2005 introduced similar revisions to the corporate administration procedures in Northern Ireland, replacing Part III of the Insolvency (Northern Ireland) Order 1989 with Schedule B1.

Since the Enterprise Act 2002, a number of these streamlined administrations have subsequently converted to a creditors' voluntary liquidation. These liquidations in England and Wales are not included under the headline figures here or at Table 1, as they do not represent a new company entering into an insolvency procedure for the first time. For completeness, however, they are included under Table 1c. It is also possible for the outcome of an administration to be entry into a company voluntary arrangement or a compulsory liquidation, but these cases are not separately identifiable from Companies House' information and will therefore be included within the new case figures for these procedures (the numbers involved are relatively few, compared to those entering CVL). For Scotland and Northern Ireland, figures for creditors' voluntary liquidation *include* those companies which had previously been in administration or other insolvency procedure, as insufficient data are currently available to separate them from the totals, prior to 2010.

Receivership appointments comprise **administrative receivers** appointed under the 1986 Insolvency Act (and the 1989 Order for Northern Ireland) and certain **other receiver appointments, for example under the Law of Property Act 1925** - due to the use of the same statutory documentation for different types of receivership, it is not possible to give a breakdown between them. Law of Property Act receivers are classed as *Enforcement of Security* and are not insolvency procedures under the Insolvency Act of 1986. For this reason levels of, and trends in, receivership appointments should be interpreted with caution. The provisions of the Enterprise Act 2002 [section 250] (Insolvency [Northern Ireland] Order 2005 [Article 5]) have made some changes to the procedures for administrative receivership.

Individual insolvency

Individual insolvencies in England and Wales are made up of **bankruptcy orders, individual voluntary arrangements (IVAs)** and **debt relief orders (DROs)**. Insolvent individuals in England and Wales are dealt with mainly under the Insolvency Act 1986. A bankruptcy order is made on the petition of the debtor or one or more of his creditors when the court is satisfied that there is no prospect of the debt being paid. (Figures for bankruptcy orders include orders relating to the estates of deceased debtors). There are also individual voluntary arrangements (IVAs) and deeds of arrangement (the latter under the Deeds of Arrangement Act 1914), which enable debtors to come to an agreement with their creditors. Table 2 summarises the above procedures for England and Wales (IVAs and Deeds of Arrangement are included under a single column) and Table 2a provides bankruptcy orders further split by petition type. Changes to bankruptcy law in England and Wales introduced by the Enterprise Act 2002 came into force on 1 April 2004 – the Act made no changes to the existing individual voluntary arrangement regime.

The Tribunals, Courts and Enforcement Act 2007 introduced a new route into personal insolvency called the debt relief order (DRO), which came into effect from 6 April 2009. DROs provide debt relief, subject to some restrictions, and are suitable for people domiciled in England and Wales who do not own their own home, have little surplus income (no more than £50 a month), assets (other than possibly a car) not exceeding £300, and less than £15,000 of debt. In April 2011 a change was introduced to Debt Relief Order legislation to allow those who have built up value in a pension scheme to apply for debt relief under these provisions; this will have increased the numbers of those eligible to apply for a Debt Relief Order. DROs do not involve the courts; they are run by The Insolvency Service in partnership with skilled debt advisers, called approved intermediaries. A DRO lasts for a period of one year before discharge and, as for bankruptcy, there are penalties in place for debtors who seek to abuse the process. Additional information may be found on The Insolvency Service website here: http://www.bis.gov.uk/insolvency/personal-insolvency/bankruptcy-what-is-bankruptcy/what-alternatives-bankruptcy. Table 2 includes DROs from the second quarter of 2009.

Tables 2c and 2d cover Income Payments Orders (IPOs) and Income Payments Agreements (IPAs), where the bankrupt makes regular payments from surplus income towards his/her debts for a period of time, either by court order or by agreement. IPOs were introduced under the Insolvency Act 1986; IPAs are closely aligned to the IPO regime and were introduced under the provisions of the Enterprise Act 2002 (commenced on 1 April 2004).

Individual insolvency in Scotland and Northern Ireland

Insolvent individuals in Scotland (Table 4) are subject to **sequestration** (bankruptcy) or **protected trust deeds** under the Bankruptcy (Scotland) Act 1985 (as amended). This Act was amended by the Bankruptcy (Scotland) Act 1993. On April 1 2008 the Bankruptcy and Diligence etc. (Scotland) Act 2007 came into force making significant changes to some aspects of bankruptcy, debt relief and debt enforcement in Scotland. Most notably, as far as these statistics are concerned, it introduced a new route into bankruptcy for people with low income and low assets (LILA). The sequestration figures for Q2 2008 onwards include these new LILA cases; therefore trends in numbers of sequestrations before and after this date should be interpreted with care. Protected trust deeds are voluntary arrangements in Scotland, but although they fulfil much the same role as individual voluntary arrangements, there are important differences in the way they are set up and administered. Details of both sequestrations and protected trust deeds are found on the register of insolvencies, which is maintained by the Accountant in Bankruptcy. Further information about insolvency in Scotland can be found on the Accountant's website at www.aib.gov.uk.

Insolvent individuals in Northern Ireland are dealt with under the Insolvency (Northern Ireland) Order 1989 and are recorded under Table 6. On 27 March 2006 the Insolvency (Northern Ireland) Order 2005 came into operation and implemented similar changes to bankruptcy procedures as the Enterprise Act 2002 introduced in England and Wales. The Debt Relief Act 2010 introduced DROs to Northern Ireland with effect from 30th June 2011. Further information about insolvency in Northern Ireland can be found on their website at http://www.detini.gov.uk/deti-insolvency-index.htm.

Under the Insolvency Act 1986 and the Insolvent Partnerships Order and, in Northern Ireland, the Insolvency (Northern Ireland) Order 1989 and the Insolvent Partnerships Order (Northern Ireland) 1995, insolvent partnerships may be wound up as an unregistered company or administered following bankruptcy orders against the partners. Insolvent Partnerships can also enter administration or a voluntary arrangement.

National Statistics

The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

Designation can be broadly interpreted to mean that the statistics:

- meet identified user needs;
- are well explained and readily accessible;
- are produced according to sound methods, and
- are managed impartially and objectively in the public interest.

Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed.

This document/publication is also available on our website at https://www.gov.uk/government/collections/insolvency-service-official-statistics.

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