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| **Insolvency Statistics – July to September 2014 (Q3 2014)** |
| **Coverage**England and WalesScotlandNorthern Ireland**Release date**29 October 2014**Frequency of release**Quarterly**Next update**29 January 2014**Media enquiries**Kathryn Montague+44 (0)20 7674 6910Ade Daramy+44 (0)20 7596 6187**Lead Statistician**John Perrettstatistics@insolvency.gsi.gov.uk020 7637 6504**Website**<https://www.gov.uk/government/collections/insolvency-service-official-statistics>**Reference**Ins14/Coms/100 | This 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*** **The number of** [**company liquidations**](#Liquidation) **in England and Wales decreased by 11.7% compared with July to September 2013.**
* **Administrations decreased by 18.8%, and company voluntary arrangements and receiverships also decreased.**

**People*** **The number of people who became insolvent in England and Wales decreased by 4.6% compared with July to September 2013.**
* **This was driven by decreases in the number of** [**bankruptcy orders**](#Bankruptcy) **(down 18.7%) and individual voluntary arrangements (down 1.9%).**
* [**Debt relief orders**](#DRO) **increased by 2.7% compared with July to September 2013.**
* **Figures for** [**individual voluntary arrangements**](#IVA) **have been revised back to April to June 2011.**
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| **Insolvency Statistics: user feedback survey**The Insolvency Service is currently seeking feedback on its statistical publications in order to make them more relevant and useful. Please help by completing the survey [here](https://www.surveymonkey.com/s/StatisticsUserFeedback).We are specifically seeking users’ views on:* Whether figures for total company insolvencies in England & Wales would be useful;
* Whether to provide industry breakdowns as a separate Excel file; and
* Whether to discontinue publishing industry breakdowns using 2003 classifications (retaining breakdowns using 2007 classifications)
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**Contents**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | Page |
| 1 | **Summary** |  |
|  | 1.1 | Company insolvency in England and Wales | 3 |
|  | 1.2 | Individual insolvency in England and Wales | 4 |
|  | 1.3 | Summary tables | 5 |
|  |  |  |  |
| 2 | **Company insolvency in England and Wales** |  |
|  | 2.1 | Company liquidations | 6 |
|  | 2.2 | Administrations, company voluntary arrangements, and receiverships | 9 |
|  | 2.3 | Experimental Statistics: company liquidations by industry | 10 |
|  |  |  |  |
| 3 | **Individual insolvency in England and Wales** |  |
|  | 3.1 | Bankruptcies, debt relief orders and individual voluntary arrangements | 12 |
|  | 3.2 | Characteristics of bankruptcies | 15 |
|  |  |  |  |
| 4 | **Insolvency in Scotland** |  |
|  | 4.1 | Company insolvency | 18 |
|  | 4.2 | Individual insolvency | 19 |
|  |  |  |  |
| 5 | **Insolvency in Northern Ireland** |  |
|  | 5.1 | Company insolvency | 20 |
|  | 5.2 | Individual insolvency | 21 |
|  |  |  |  |
| 6 | **Background notes** | 22 |
|  |  |  |  |

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| **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**

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

**Figure 1: Company insolvencies in England and Wales1** (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 Law of Property Act receiverships, which are not insolvencies but 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**

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| [**Creditors’ voluntary liquidations**](#CVL) **remain broadly stable**  | The number of companies entering creditors’ voluntary liquidation increased slightly compared with Q2 2014, having decreased in the previous four quarters. Compared to Q3 2013, there were 13.3% fewer creditors’ voluntary liquidations continuing the generally decreasing trend since Q2 2013. |
| [**Compulsory liquidations**](#CL) **remained at trend levels** | The number of companies subject to a compulsory winding-up order has decreased for the last two 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 increased compared with Q2 2014, but were lower than the same period last year** | The number of companies entering [administration](#Admin) increased by 16.9% in Q3 2014 compared to the previous quarter, having decreased for four quarters; but was 18.8% lower than the same period a year earlier. [Company voluntary arrangements](#CVA) and [receiverships](#Receivership) increased slightly compared to last quarter, but the trend remains level. |
| **The liquidation rate was at its lowest level**  | The liquidation rate in the 12 months ending Q3 2014 was at its lowest level since Q4 1984, the earliest period it is possible to calculate the rate. |

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

**Figure 2: Individual insolvencies in England and Wales1** (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**

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| **Total individual insolvencies decreased compared to the same quarter last year** | The number of people who became insolvent in England and Wales was 24,837 in Q3 2014, a 4.6% decrease on the same quarter last year. This was a return to the generally decreasing trend.  |
| [**Bankruptcy Orders**](#Bankruptcy) **at their lowest level since Q1 1999** | There were 4,886 bankruptcy orders in Q3 2014, a decrease of 18.7% compared with the same period in 2013 and the lowest level since Q1 1999. |
| [**IVA**](#IVA)**s decrease and** [**DRO**](#DRO)**s increase on the same quarter last year** | The number of individual voluntary arrangements (IVAs) decreased by 1.9% on the same quarter last year, having increased year-on-year in the previous 5 quarters. The number of people granted a debt relief order (DRO) increased by 2.7% compared to Q3 2013. |
| **The rate of insolvency decreased and remains at a stable trend** | In the 12 months ending Q3 2014, 1 in 446 adults (just over 0.2% of the adult population) became insolvent. This is a decrease in the individual insolvency rate after increasing in the previous quarter. |

**1.3 Summary tables**

**Table 1: New company insolvencies in England and Wales1,2 (seasonally adjusted)3**

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| --- | --- | --- | --- |
|   | **Number of insolvencies** |   | **% change – 2014 Q3 on** |
|   | 2013 Q3  | 2013 Q4  | 2014 Q1  | 2014 Q2 r | 2014 Q3 p |  | 2014 Q2 | 2013 Q3 |
| [Compulsory liquidations](#CL) | 921 | 699 | 1,075 | 979 | 858 |  | -12.4 | -6.8 |
| [Creditors' voluntary liquidations](#CVL)2 | 2,894 | 2,852 | 2,643 | 2,501 | 2,510 |  | 0.4 | -13.3 |
| [Receiverships](#Receivership)4 | 253 | 236 | 205 | 171 | 175 |  | 2.3 | -30.8 |
| [Administrations](#Admin) | 605 | 599 | 508 | 421 | 492 |  | 16.9 | -18.8 |
| [Company voluntary arrangements](#CVA) | 152 | 123 | 142 | 142 | 144 |   | 1.4 | -5.3 |

Source: Insolvency Service and Companies House.

p = provisional, r = revised.

1 Longer series back to 2004 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 Law of Property Act receiverships, which are not insolvencies but which cannot be identified separately.

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

|  |  |  |  |
| --- | --- | --- | --- |
|   | **Number of insolvencies** |   | **% change – 2014 Q3 on** |
|   | 2013 Q3r | 2013 Q4r | 2014 Q1 r | 2014 Q2 r | 2014 Q3 p |  | 2013 Q3 |
| **Total Individuals** | **26,032** | **24,228** | **24,944** | **26,968** | **24,837** |  | **-4.6** |
| [Bankruptcy orders](#Bankruptcy) | 6,009 | 5,409 | 5,681 | 5,470 | 4,886 |  | -18.7 |
| [Debt Relief orders](#DRO) | 6,632 | 6,563 | 6,549 | 7,006 | 6,808 |  | 2.7 |
| [Individual voluntary arrangements3](#IVA) | 13,391 | 12,256 | 12,714 | 14,492 | 13,143 |   | -1.9 |

Source: Insolvency Service.

p = provisional, r = revised.

1 Longer series back to 2004 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.

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

**2 Company insolvency in England and Wales**

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| These statistics relate to **incorporated companies (including limited liability partnerships)** – a specific legal form of business that is registered at [Companies House](http://www.companieshouse.gov.uk/about/businessRegisterStat.shtml). 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). |

**2.1 Company liquidations**

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| **Figure 3: Company liquidations in England and Wales1** (quarterly data, seasonally adjusted)2Source: 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](http://www.companieshouse.gov.uk/about/businessRegisterStat.shtml) produces statistics on MVLs. |

In the third quarter of 2014, there were 3,368 company liquidations – a 3.2% decrease on the previous quarter and 11.7% less than the same quarter a year ago. This was the lowest quarterly total since Q1 2008.

Although the number of creditors’ voluntary liquidations (CVLs) increased marginally upon the last quarter, the number of CVLs is generally showing a decreasing trend, which is driving the downward trend in total company liquidations. There were 2,510 new CVLs in Q3 2014, an increase of 0.4% compared to the previous quarter and 13.3% less than the same quarter a year ago.

In July to September 2014 there were 858 compulsory liquidations, representing a decrease of 12.4% on the previous quarter, and 6.8% decrease on the same quarter in 2013. The latest figures are in line with the general trend of between 850 and 1,100 per quarter since Q2 2012, except in Q4 2013 when there were 699 cases.

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| **Figure 4: 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 third quarter of 2014, 218 companies entered creditors’ voluntary liquidation following administration, a 7.2% decrease 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).

*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.

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| **Figure 5: 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](http://www.companieshouse.gov.uk/about/businessRegisterStat.shtml), 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 Q3 2014, 1 in 186 active companies (or 0.54% of all active companies) went into liquidation, down from 1 in 177 in the 12 months ending Q2 2014. 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.

**2.2 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.

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| **Figure 6: Other company insolvencies in England and Wales** (quarterly data, seasonally adjusted)1Source: 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 492 administrations in Q3 2014, an increase of 16.9% compared with the previous quarter but 18.8% lower than the same quarter in 2013, as well as a decrease from a peak of nearly 1,700 in 2008. The number of administrations increased after falling for four successive quarters.

There were 144 company voluntary arrangements in Q3 2014, a 1.4% increase on the previous quarter but a 5.3% decrease on Q3 2013.

Receivership appointments (including non-insolvent receivership appointments) increased slightly compared to the previous quarter and are on a broadly stable trend. There were 175 receivership appointments in Q3 2014, a 2.3% increase in comparison to the previous quarter and a 30.8% decrease on the same quarter last year.

**2.3 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.

The Insolvency Service is currently seeking feedback on its statistical publications, and inviting feedback specifically on the usefulness of these Experimental Statistics. The user feedback survey can be accessed at <https://www.surveymonkey.com/s/StatisticsUserFeedback>.

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| Experimental statistics are defined in the UK Statistics Authority’s [*Code of Practice for Official Statistics*](http://www.statisticsauthority.gov.uk/assessment/code-of-practice/) 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 (Q3 2014) for creditors’ voluntary liquidations, as well as for administrations, creditors’ voluntary liquidations and receiverships.

As Figure 7 shows, in the twelve months ending Q2 2014, the highest number of total liquidations was in the construction sector (2,437 – down 6.8% from the 12 months ending Q1 2014). This comprised 626 compulsory liquidations (down 9.8%) and 1,811 creditors’ voluntary liquidations (down 5.7%).

The second highest number of 2,022 liquidations was seen in the wholesale and retail trade sector (274 compulsory liquidations, and 1,748 creditors’ voluntary liquidations). Overall, this was a decrease of 7.3% compared to the 12 months ending Q1 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’; ‘accommodation and food service activities’; ‘administrative and support service activities’; and ‘information and communication.’

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 ‘information and communication’. These five sectors have been the same (though sometimes in a different order) since the 12 months ending Q4 2009.

**Figure 7: Total company liquidations in England & Wales by broad industry sector, year ending 2014 Q21**

 

Source: Insolvency Service and Companies House

1 A sector breakdown for compulsory liquidations is not yet available for 2014 Q3.

**END OF EXPERIMENTAL STATISTICS SECTION**

**3 Individual insolvency in England and Wales**

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| 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. |

**3.1 Bankruptcies, debt relief orders and individual voluntary arrangements**

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| **Figure 8: Individual insolvencies in England and Wales1**(quarterly data, not seasonally adjusted)2Source: 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](https://www.gov.uk/search-bankruptcy-insolvency-register), and remain on the list until three months after their insolvency ends. |

Statistics on individual voluntary arrangements (IVAs) and total individual insolvencies have been revised back to Q2 2011, following a data cleansing exercise undertaken by the Insolvency Service. This has, in the main, consisted of removing duplicate records from the IVA data. The largest revision for any single quarter was a downward revision of 0.6% in Q4 2013. A separate table showing the scale of revisions accompanies this statistics release. IVA statistics will continue to be revised in future publications, in accordance with the Insolvency Service’s [revisions policy](https://www.gov.uk/government/publications/insolvency-statistics-policy-and-procedures).

In Q3 2014, there were 24,837 individual insolvencies in England & Wales, comprising 4,886 bankruptcies, 6,808 debt relief orders (DROs), and 13,143 IVAs.

In total, individual insolvencies decreased by 4.6% in Q3 2014 compared with the same period in 2013. This is a return to levels seen previously after an increase in Q2 2014, due to the number of IVAs falling back to previous levels. In Q3 2014 there were 13,143 IVAs, which was 1.9% less than in Q3 2013.

The number of total individual insolvencies had previously been on a decreasing trend since 2010, because of sustained decreases in the number of bankruptcies and DROs and broadly stable numbers of IVAs. More recently, the rate of decrease has slowed, as increases in the number of IVAs have offset decreases in the number of bankruptcies and DROs.

The number of bankruptcies has been on a decreasing trend since 2010, with the rate of decrease most rapid following the introduction of DROs in 2009, and slowing from 2012 onwards. There were 4,886 bankruptcy orders in Q3 2014, which was a 18.7% decrease compared with Q3 2013 and the lowest level since Q1 1999.

IVAs comprised more than half (53%) of all individual insolvencies in Q3 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.

The number of DROs has stayed steady since their introduction, generally in the range of 6,500 to 8,000, and has been higher than the number of bankruptcy orders since Q3 2012. The number of DROs increased by 2.7% compared with Q3 2013, the first annual increase since Q4 2012.

*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.

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| **Figure 9: Individual insolvency rate in England & 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 & Wales.Bankruptcy, IVA and DRO rates are calculated in the same way. |

In the 12 months ending Q3 2014, 1 in 446 adults (or less than 0.22% of the adult population) became insolvent. This is down from 1 in 440 in the twelve months ending Q2 2014 and the lowest rate since Q2 2006. This is a return to the decreasing trend after the rise in the last quarter. 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 increased for the first time since Q4 2012. The IVA rate has decreased for the first time since Q1 2013.

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.

**3.2 Characteristics of bankruptcies**

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| **Figure 10: 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](https://www.gov.uk/government/collections/court-statistics-quarterly) publishes quarterly National Statistics on the total number of bankruptcy petitions presented to court in England and Wales. |

In Q3 2014 there were 3,738 debtor petition bankruptcies, which was 19% less than in the same quarter a year ago and 77% lower than the peak in Q2 2009.

There were 1,157 creditor petition bankruptcies, which was 13.6% less than the last quarter and 14.9% less than the same quarter a year ago.

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 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.

Creditor petition bankruptcies also peaked in this period, and the general trend since 2010 has been decreasing numbers of these cases.

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| **Figure 11: 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 Q2 2014, there were 1,281 bankruptcies where the individual was self-employed, 3.2% less than Q1 2014 and 20.3% less than Q2 2013. This was in line with a generally decreasing trend since 2011.

There were 4,200 bankruptcies among other individuals, an increase of 1.4% compared with the previous quarter, and 10.3% 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. In Q1 2011 there was a peak quarter on quarter change decrease of 37% and this has fallen each quarter to a quarterly decrease of 10% in Q2 2014.

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.

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| **Figure 12: 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.

10.3% of bankruptcy orders made in Q1 2014 resulted in an IPA or IPO, an increase of 0.7 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](http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/october-2014/statistical-bulletin.html#tab-6--Average-Weekly-Earnings), leading to a smaller percentage of bankrupts having surplus income.

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.

**4 Insolvency in Scotland**

**4.1 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.

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| **Figure 13: 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](http://www.aib.gov.uk/) (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 third quarter of 2014, there were 203 company liquidations in Scotland – a 21% 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. The number of company liquidations has fluctuated between about 200 to 260 each quarter since then, however the quarterly total continues to be lower than the peak of cases in Q2 2011.

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.

There were 151 compulsory liquidations in the third quarter of 2014, compared to 52 CVLs. The number of CVLs has remained largely stable, with between 50 and 100 cases in each quarter since 2010.

There were 20 other company insolvency procedures in the third quarter of 2014, all of which were administrations.

**4.2 Individual insolvency**

Legislation relating to individual insolvency in Scotland is devolved. The [Accountant in Bankruptcy](http://www.aib.gov.uk/), Scotland’s Insolvency Service, administers individual insolvency in Scotland.

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| **Figure 14: Individual insolvencies in Scotland** (quarterly data, not seasonally adjusted)Source: Accountant in Bankruptcy (AiB), [AiB Quarterly Statistics – Q1 2014/15](http://www.aib.gov.uk/scottish-insolvency-statistics-2014-15-quarter-2-release)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](http://www.dasscotland.gov.uk/home), which are not formal insolvencies. |

In Q3 2014, there were 2,991 individual insolvencies in Scotland – 12.5% lower than the total in July to September last year and continuing the generally downwards trend seen since the beginning of 2012.

The level of sequestrations has remained fairly level, fluctuating between 1,650 and 2,000 since Q3 2012.

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 has been fairly stable since 2008, though with a downwards trend in recent quarters. 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.

**5 Insolvency in Northern Ireland**

**5.1 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.

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| **Figure 15: 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 82 company liquidations in Northern Ireland in Q3 2014, 18.8% less than the same quarter a year ago. Of these, 51 were compulsory liquidations (down 10.9% on the same quarter last year), and 31 were creditors’ voluntary liquidations (CVLs, down 34.8% 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.

**5.2 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.

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| **Figure 16: 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 975 individual insolvencies in Northern Ireland in Q3 2014, 36% more than the same quarter a year ago. Of these, 303 were bankruptcies (up 20.2% on the same quarter last year), 123 were DROs (down 11.5% on the same quarter last year), and 549 were IVAs (up 68.4% 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.

**6 Background notes**

**Data sources and methodology**

More details may be found in: [Insolvency Statistics Methodology](https://www.gov.uk/government/publications/insolvency-statistics-policy-and-procedures), the [Statement of Administrative Sources](https://www.gov.uk/government/publications/insolvency-statistics-policy-and-procedures), and [The Insolvency Statistics Revisions Policy](https://www.gov.uk/government/publications/insolvency-statistics-policy-and-procedures).

**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](https://www.gov.uk/government/publications/insolvency-statistics-policy-and-procedures). 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](http://www.statistics.gr/portal/page/portal/ESYE/BUCKET/General/code_of_practice_en.pdf). Further information can be found in the [statement on quality strategy, principles and processes](https://www.gov.uk/government/publications/insolvency-statistics-policy-and-procedures), 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](https://www.gov.uk/government/publications/insolvency-statistics-user-engagement) 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](http://www.companieshouse.gov.uk/about/businessRegisterStat.shtml) 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](http://www.aib.gov.uk/) (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](http://www.ons.gov.uk/ons/index.html) produces annual statistics on business “deaths” in its [Business Demography](http://www.ons.gov.uk/ons/rel/bus-register/business-demography/index.html) 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](https://www.gov.uk/government/collections/insolvency-service-official-statistics). 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](http://webarchive.nationalarchives.gov.uk/20140311023846/http%3A/bis.gov.uk/insolvency/About-us/our-performance-statistics/insolvency-statistics).

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](http://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.

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| National StatisticsThe 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. |



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