



The Insolvency
Service

Insolvency Statistics: Analysis of Historical Revisions to Company Insolvency Statistics on Change of Methodology

Last reviewed: October 2015

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Background

The Insolvency Service recently reviewed the method used to count the number of company insolvencies within a given time period, and identified some weaknesses: some new insolvencies were captured in the statistics a long time after they began; and in a small number of cases insolvencies were counted more than once. This affected statistics compiled from data held by Companies House – i.e. all company insolvencies, with the exceptions of compulsory liquidations in England & Wales and in Northern Ireland.

After reviewing the existing method and some alternatives, the Insolvency Service [consulted users on changes to the method](#). Following this, a new method was decided upon which would eliminate double counting, and would count insolvencies in the period in which they actually begin.

The new approach was selected because it would provide the most accurate data on the number of company insolvencies in any given period, albeit with estimated data for the most recent period.

The July to September 2015 edition of the Insolvency Statistics, released 29 October 2015, is the first edition using the new method for producing statistics on company insolvencies. To aid user interpretation of the latest statistics and to set them in context, quarterly data on a consistent basis have been provided back to 2007 Q1 (January to March) for England & Wales and Scotland, and back to 2009 Q4 for Northern Ireland.¹

This document describes the historical revisions made to the existing statistics as a result of this change, and the reasons behind the differences (where known). The revisions are available in Excel format on the Insolvency Service website. All data in this document are not seasonally adjusted.

More information on the methodology can be found in the [methodology document](#). Information on the different forms of company insolvency can be found in the [Guide to Insolvency Statistics](#).

¹ Revised statistics for Northern Ireland are only available from 2009 Q4 (October to December). This is because the Companies Register for Northern Ireland was integrated with Companies House on 1 October 2009

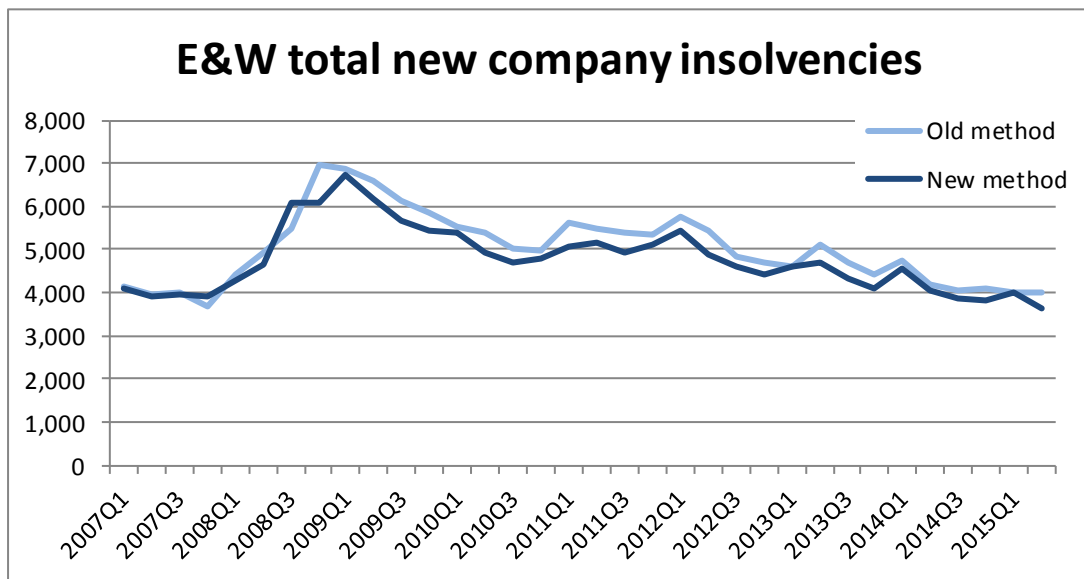
Analysis of Revisions

England and Wales

Total new company insolvencies

Total new company insolvencies excludes administrations after CVL.

The revised statistics are usually lower than those previously published. This is mostly because of the change to receivership statistics described below. The average downward revision was 5.0%.

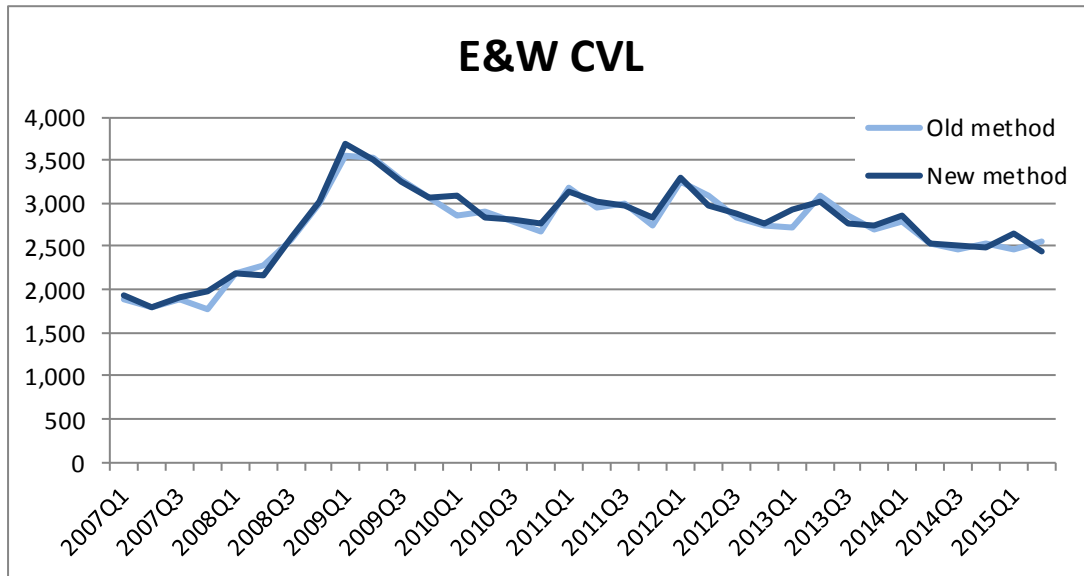


Compulsory liquidations

Statistics on compulsory liquidations have not been revised because they are based on data drawn from Insolvency Service systems, and were therefore unaffected by the weaknesses associated with the Companies House data extract.

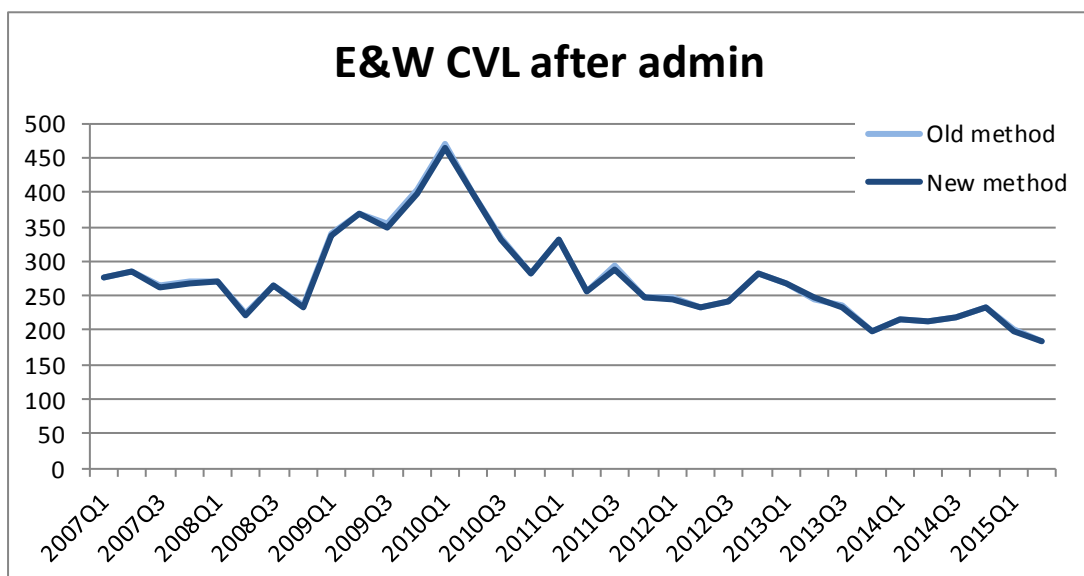
New creditors voluntary liquidations (CVLs)

In general, the revised statistics are higher than previously published. This is because, as noted in the 2015 consultation, under the old method some CVLs were not counted until a long time after they began – or sometimes not at all – because the old method counted only one out of the three types of document which initiate CVLs. On average from Q1 2007 to Q2 2015 there was an upward revision of 1.0%. The trend in case numbers is very similar – peaking in early 2009, and a declining trend from 2012 onwards.



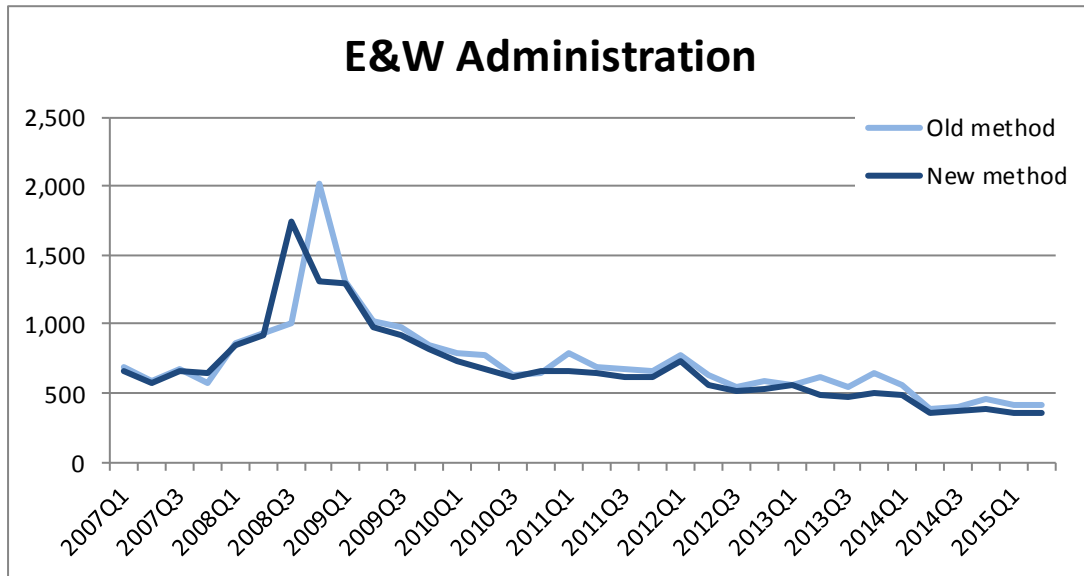
CVL after administration

For administration to CVL figures for the old and new method are almost identical. This is because Companies House records the start date of the CVL to be the same as the registration date of the statutory form. The small differences between the old and new data are likely to be because of cases previously having been counted more than once, if the insolvency practitioner handling the case changed.



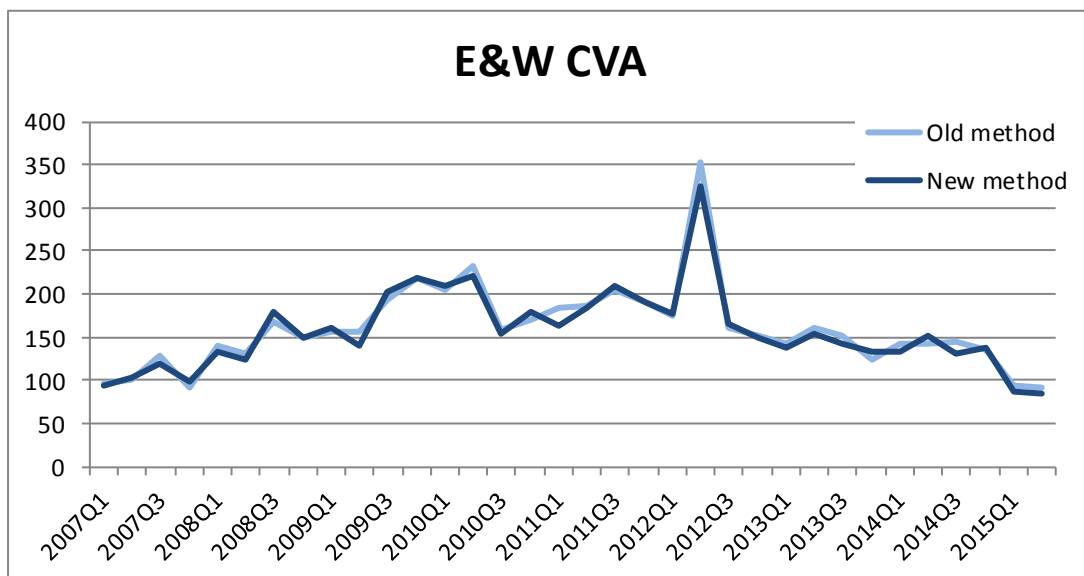
Administrations

In general, the revised statistics for administrations are lower than previously published. This is because, as noted in the 2015 consultation, under the old method some administrations could be counted more than once. For the period Q1 2007 to Q2 2015 there was an average downward revision of 5.8%. The graph illustrates that both methods have similar trends, but the peak in cases for the new method in 2008 is earlier (728 Managed Service Companies entered administration on 29 September 2008, but were registered at Companies House in October).



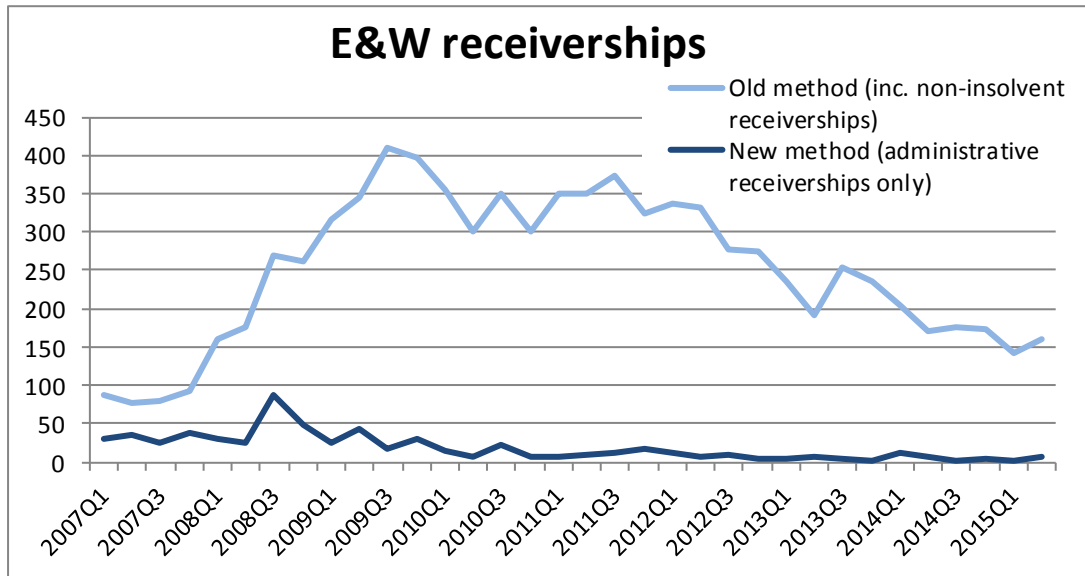
Company voluntary arrangements (CVAs)

The time series for CVAs has not been substantially revised, though overall for the period Q1 2007 to Q2 2015 there was an average downward revision of 1.4%. Overall the trend in case numbers is very similar.



Receiverships

The revised statistics are lower than those previously published, for two reasons. Firstly, receivership appointments could be counted more than once using the old method. Secondly, most receivership appointments are not insolvencies: as part of the [consultation](#) it was decided that we would publish statistics solely on administrative receiverships (insolvencies), but not on receiver/ manager appointments. For these reasons statistics from 2007 onwards are not comparable to those for earlier periods as the statistics relate to different things.

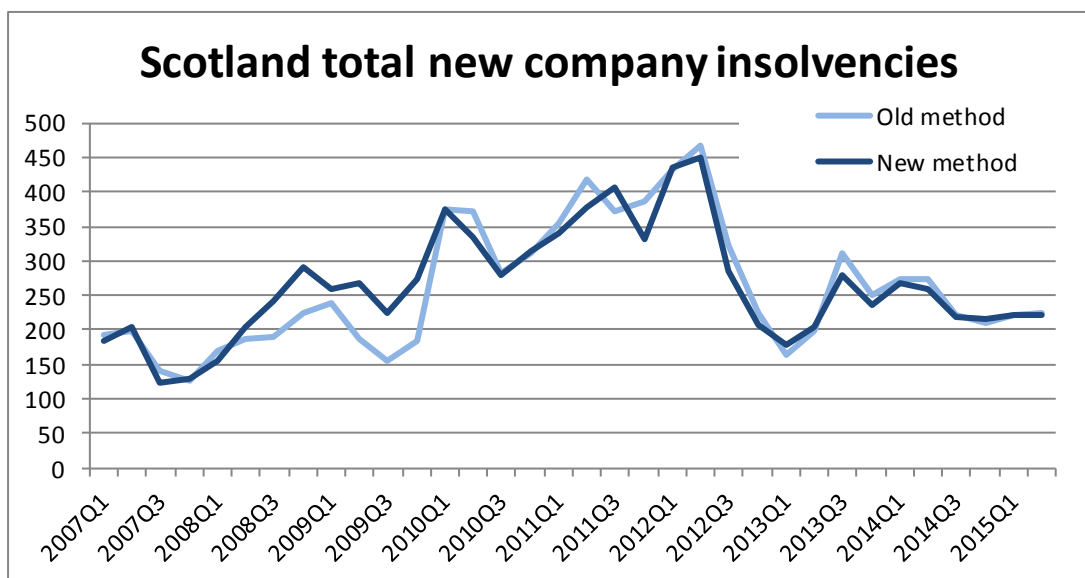


Scotland

Total new company insolvencies

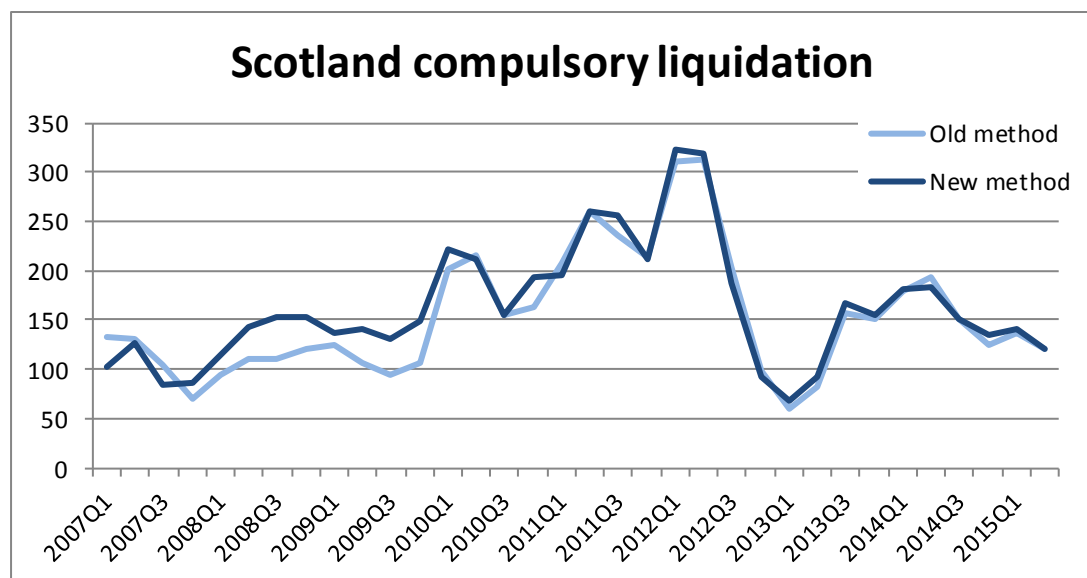
Total new company insolvencies excludes administrations after CVL.

As for compulsory liquidations, CVLs and administrations, the revised statistics tend to be higher than those previously published for the post-2010 period, but lower for 2009 and earlier.



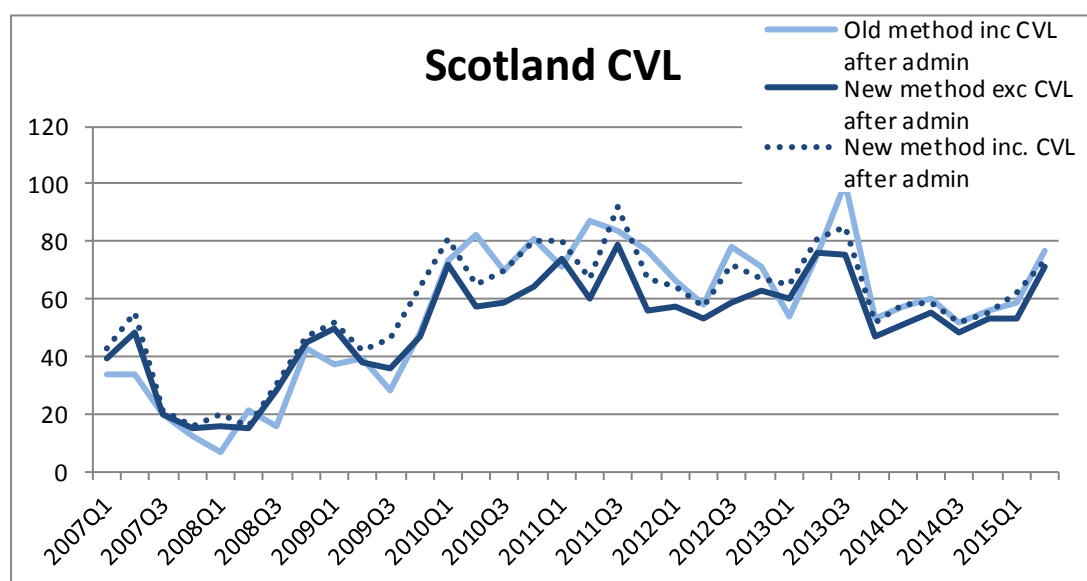
Compulsory liquidations

From 2010 onwards, the revised statistics are generally slightly higher than those previously published (but the patterns are similar). This could be because the new statistics include companies placed into provisional liquidation. Before 2010 the revised statistics are consistently higher than previously published. The Insolvency Service has been unable to determine the cause of the difference, as the raw data on which the old statistics were based has not been retained.



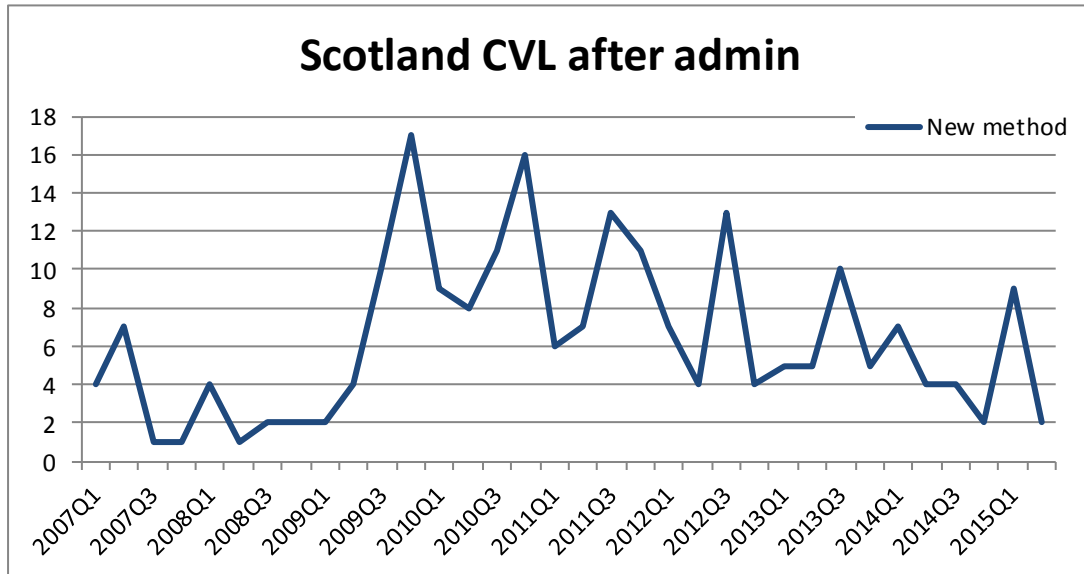
New creditors voluntary liquidations (CVLs)

Previously, statistics on CVLs in Scotland were inclusive of those which followed a company administration. The revised statistics present these two types of CVL separately, so the revised statistics appear to be consistently lower than those previously published. From 2010 onwards the statistics (including CVL after administration) have been revised downwards by an average of 2.3%. Before 2010 the revised statistics (including CVL after administration) are consistently higher than previously published. The Insolvency Service has been unable to determine the cause of the difference, as the raw data on which the old statistics were based has not been retained.



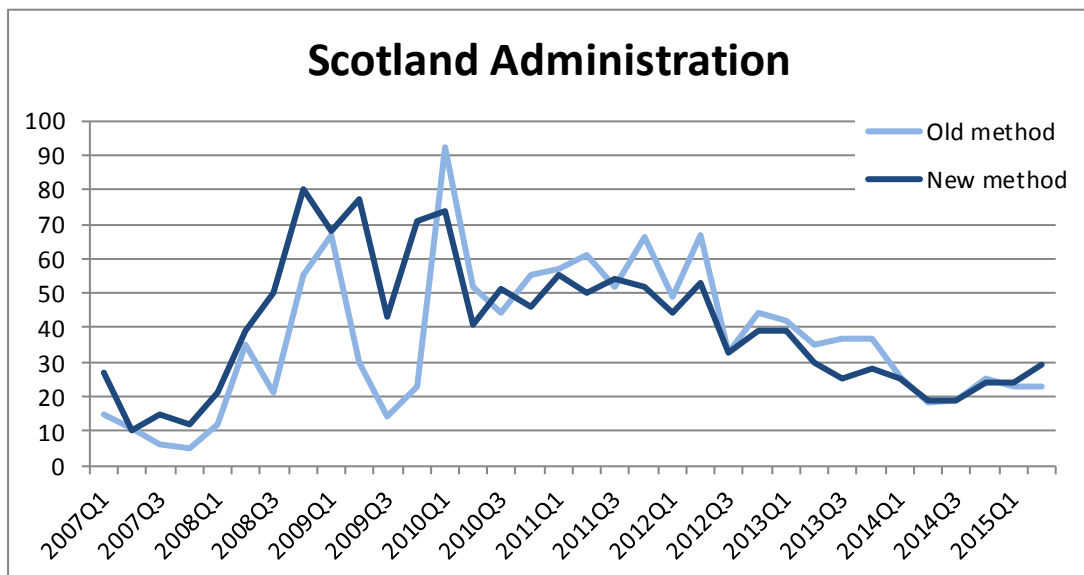
CVL after administration

CVL after administration was not separately broken down for Scotland, but was included with all other CVLs.



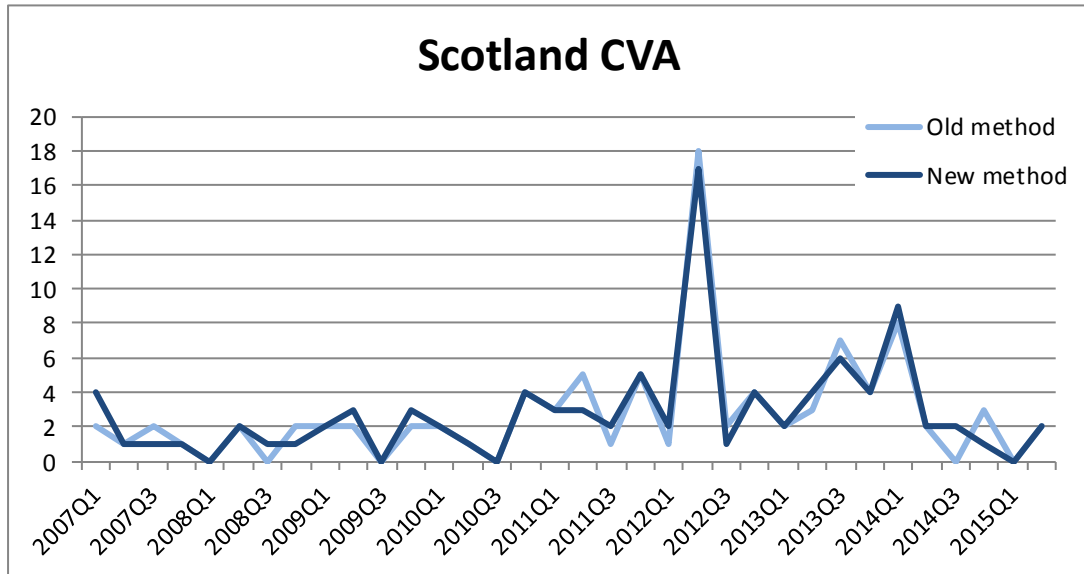
Administrations

As for England and Wales, the revised statistics from 2010 onwards are in general lower than previously published. This is because, as noted in the 2015 consultation, under the old method some administrations could be counted more than once. However, before 2010 the revised statistics are consistently higher than previously published. The Insolvency Service has been unable to determine the cause of the difference, as the raw data on which the old statistics were based has not been retained.



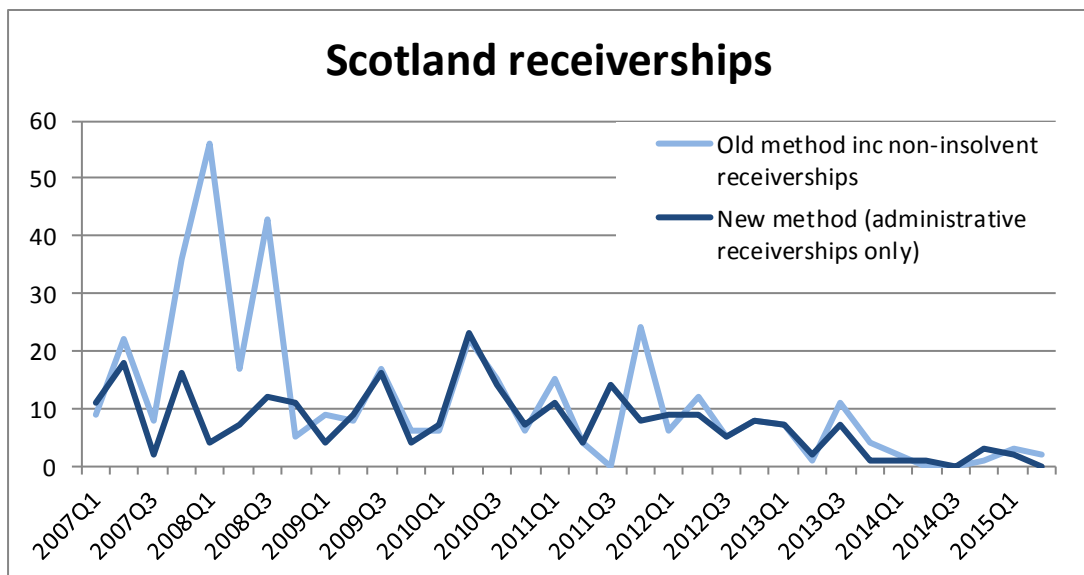
Company voluntary arrangements (CVAs)

The lines on the graph tend to mirror each other with few large differences between the number of cases.



Administrative receiverships

As for England and Wales, the revised statistics on receiverships are generally lower than previously published, as the new method counts cases just once, and excludes non-insolvent receiverships. For these reasons statistics from 2007 onwards are not comparable to those for earlier periods.

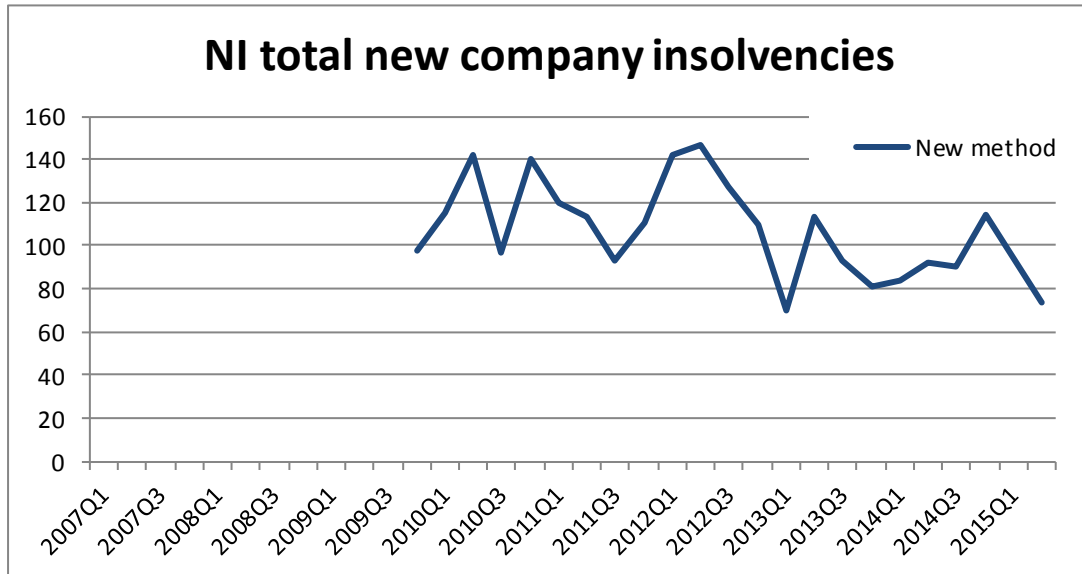


Northern Ireland

Revised statistics for Northern Ireland are only available from 2009 Q4 (October to December). This is because the Companies Register for Northern Ireland was integrated with Companies House on 1 October 2009.

Total new company insolvencies

Total new company insolvencies is a newly added series for Northern Ireland, and excludes administrations after CVL.

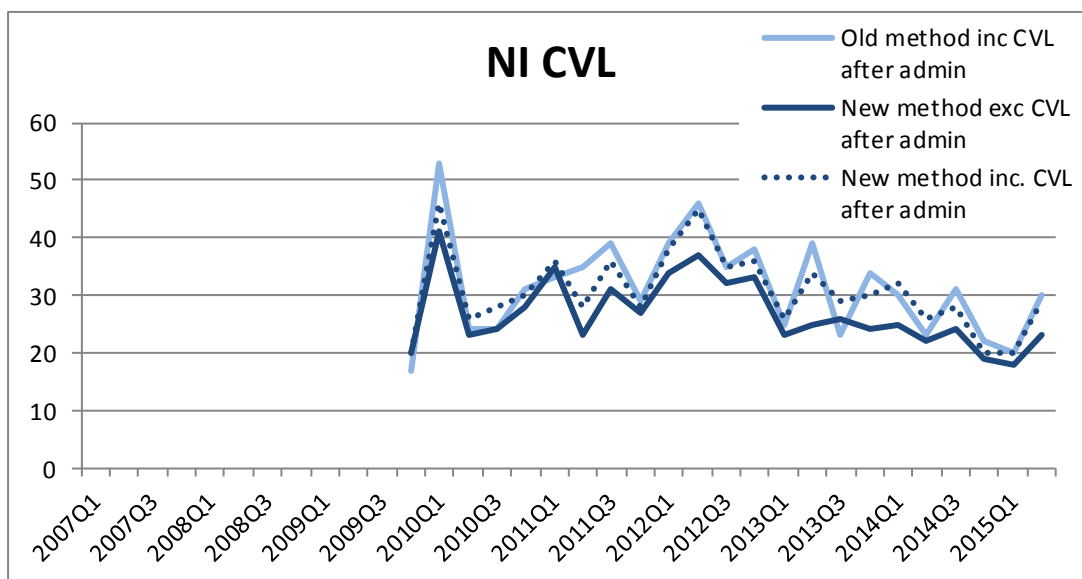


Compulsory liquidations

Statistics on compulsory liquidations have not been revised because they are based on data drawn from Department for Enterprise, Trade and Investment systems, and were therefore unaffected by the weaknesses associated with the Companies House data extract.

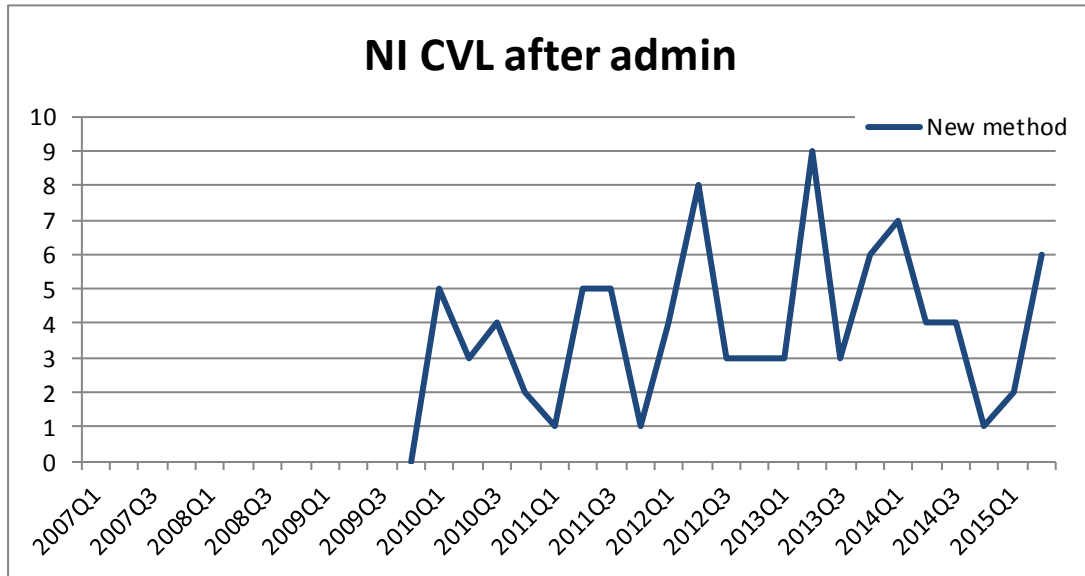
New creditors voluntary liquidations (CVLs)

Previously, statistics on CVLs in Northern Ireland were inclusive of those which followed a company administration. The revised statistics present these two types of CVL separately, so the revised statistics appear to be consistently lower than those previously published. The graph highlights that the new method including CVL after administration more closely follows the trend of the results from the old method. In comparison the new method's results are slightly lower.



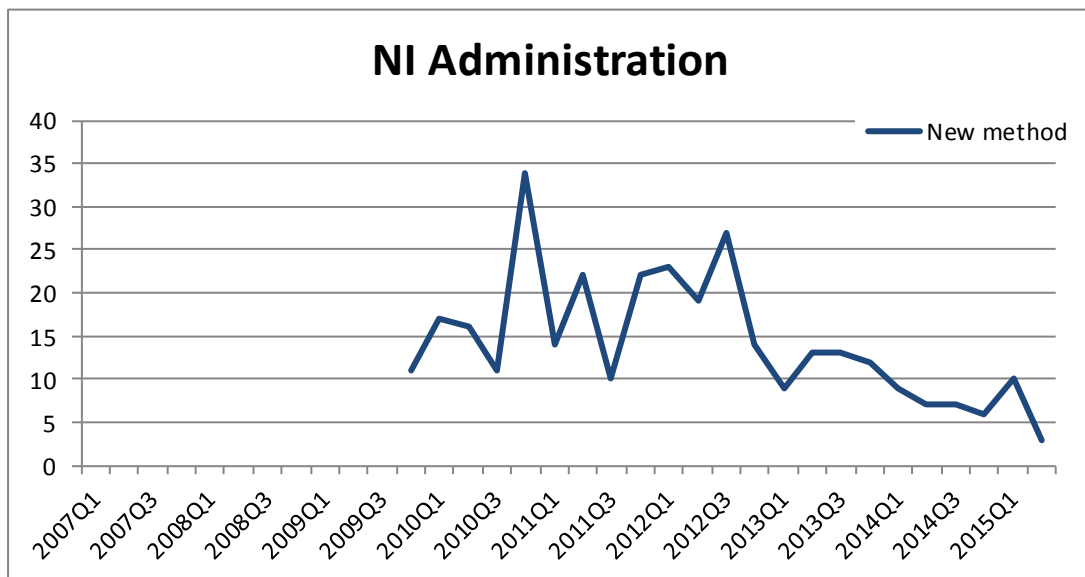
CVL after administration

CVL after administration was not separately broken down for Northern Ireland, but was included with all other CVLs.



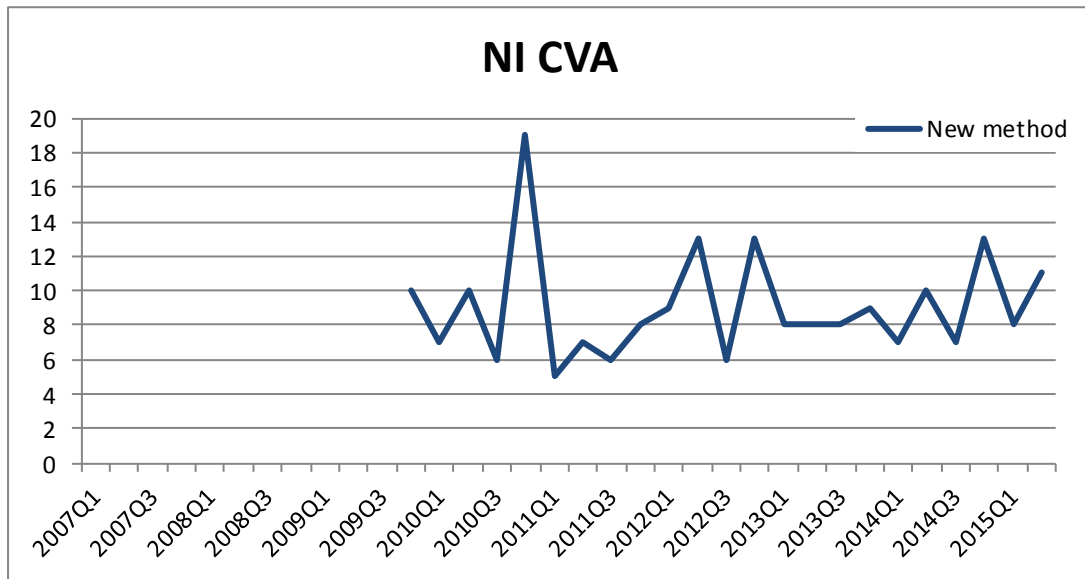
Administrations

Administrations for Northern Ireland is a newly added series.



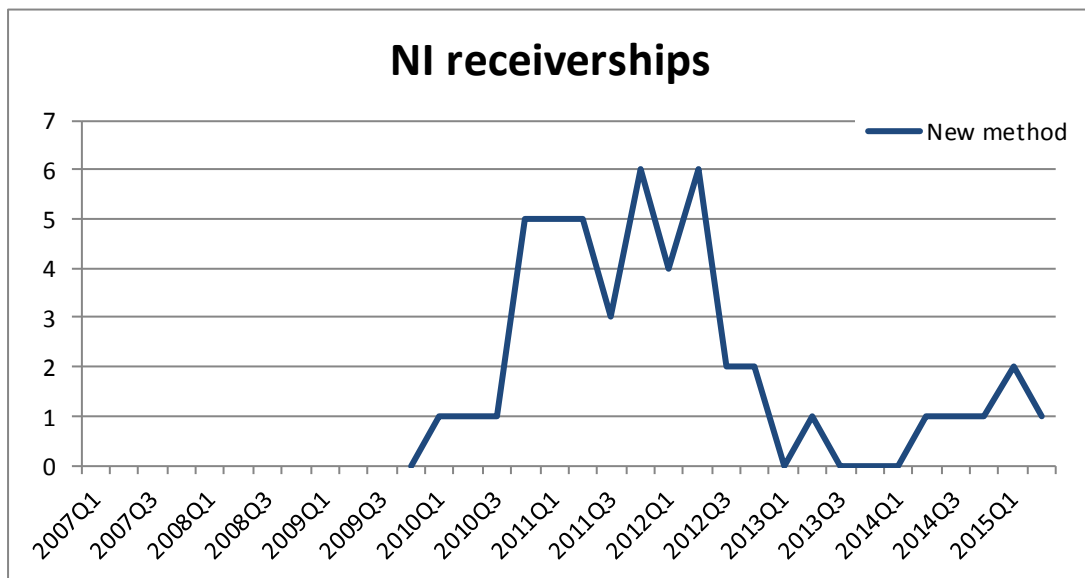
Company voluntary arrangements (CVAs)

CVAs is a newly added series for Northern Ireland.



Administrative receiverships

Administrative receiverships is a newly added series for Northern Ireland.





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