



Corporate insolvencies by size, age and location, 2015 to 2017

Official Statistics (Experimental)

Coverage

England and Wales
(Scotland and Northern Ireland
supplementary data in tables)

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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).

It presents information on insolvent enterprises by region, size (turnover and number of employees), industry and age of enterprise.

Key Findings

- The number of enterprises entering insolvency was stable between 2015 and 2017, but the rate has fallen.
- Insolvent enterprises accounted for an estimated 0.67% of all England and Wales turnover in 2017.
- Insolvency was more likely in northern regions.
- Insolvency was less likely in very small or very large enterprises.

New release feedback

Your input will help shape this product and ensure that future releases suit the needs of users. We are specifically seeking feedback on the following:

- the content of this release;
- the layout and format of this commentary and the accompanying data tables;
- whether the supplementary guidance is sufficiently detailed and clear.

We would be glad to receive any feedback through our email address statistics@insolvency.gov.uk

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1. Things you need to know

These statistics have been compiled from multiple sources to provide new breakdowns of company insolvencies

The Insolvency Service's dataset of company insolvencies from 2015 to 2017 has been matched against the [Inter-Departmental Business Register \(IDBR\)](#), a comprehensive list of businesses held by the Office for National Statistics. The IDBR contains data on turnover, employment and location of company insolvencies which has not previously been available through our official statistics.

These statistics are not consistent with our other publications

This release presents corporate insolvency volumes and the insolvency rate broken down by location, size and age at an **enterprise level**¹, in contrast with the Insolvency Service's quarterly National Statistics which present corporate insolvencies at a **company level**.

An enterprise can consist of more than one company whereas an **enterprise insolvency** may consist of more than one company insolvency. For this reason, the insolvency statistics in this release are not comparable to other Insolvency Service statistical releases. Further information on methodology can be found on the [Insolvency Statistics: policy and procedures page](#) and in the background notes of this release.

Table 1: Comparison of company insolvencies and enterprise insolvencies in England and Wales, 2015-2017

	2015	2016	2017
Company Insolvencies¹	14,588	14,716	14,635
Enterprise Insolvencies	14,310	14,305	14,210
<i>of which:</i>			
1 linked company	12,635	12,795	13,220
2 linked companies	685	535	240
3 linked companies	35	30	15
4 linked companies	15	10	5
5 or more linked companies	10	10	0
No match to IDBR	930	920	730

[1 Insolvency Statistics: July to September 2018. Excludes bulk insolvencies..](#)

¹ An **enterprise** is a statistical unit, defined as the smallest group of legal units (generally based on VAT or PAYE) within an enterprise group (where one exists) that have a certain degree of autonomy or control. See [ONS-UK business: activity, size and location](#)

Bulk insolvencies have been excluded from these statistics

IR35 rules are intended to prevent the avoidance of tax and National Insurance Contributions using personal service companies and partnerships. From April 2016, following changes to the IR35 rules and/or changes in VAT flat rate, some directors of personal service companies have cited these changes as the primary reason that their company's activities have become unviable, therefore leading to large volumes of connected companies entering liquidation on the same date. Underlying numbers exclude these bulk insolvencies to give the underlying demographics of enterprises entering insolvency.

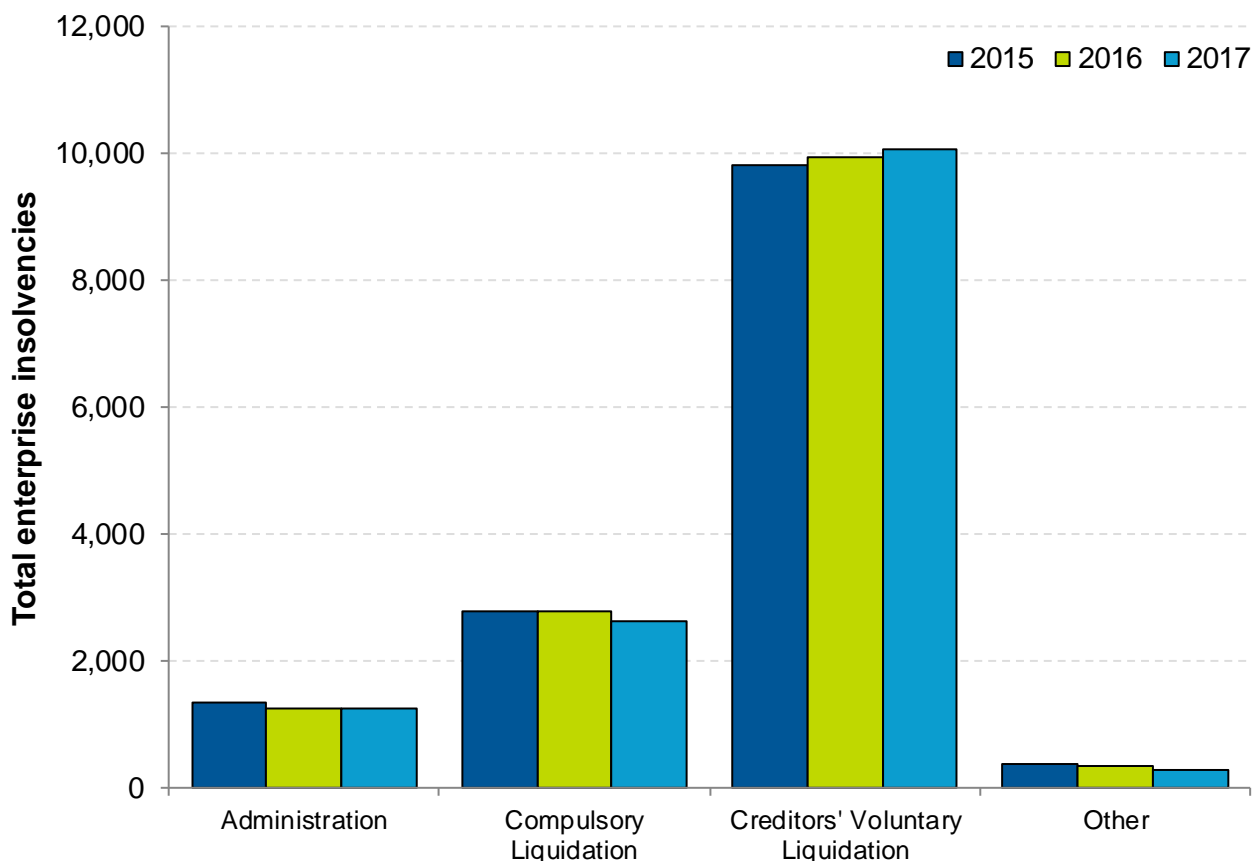
2. The number of enterprise insolvencies has remained stable but the insolvency rate has fallen

- Enterprise insolvency volumes have been stable but an increase in enterprises has resulted in a fall in the insolvency rate
- An estimated 187,000 employees worked for an enterprise that entered insolvency in 2017

In 2017, there were 14,210 enterprise insolvencies in England and Wales: this was broadly similar in both 2015 and 2016. Although enterprise insolvency volumes have remained level over the last 3 years there has been an increase in the number of corporate enterprises registered with the IDBR from 1.5 million in 2015 to 1.75 million in 2017². Therefore, the rate of insolvencies per 10,000 enterprises in England and Wales has fallen from 95 in 2015 to 81 in 2017.

Nearly 3 out of every 4 enterprise insolvencies were through creditors' voluntary liquidations (CVLs), Administration were used by 1 in 11 enterprises entering insolvency while company voluntary arrangements (CVAs) accounted for only about 1 in 50 of all enterprise insolvencies in 2017.

Figure 1: Enterprise insolvencies by type, England and Wales, 2015-2017



² Table 14 of the 2017 edition of UK business: activity, size and location - <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

In 2017 the turnover of enterprises entering insolvency was estimated to be £23.4 billion: this was 0.67%³ of total enterprise turnover in England and Wales. This increased by 20% from £19.4 billion in 2016. An estimated 41% of the total turnover of insolvent enterprises in 2017 came from just 10 enterprises.

An estimated 187,000 employees worked for enterprises that were affected by insolvency in 2017, down from 196,000 in 2016. This was 0.77%⁴ of the overall work force. This does not necessarily mean that all or most of these employees were made redundant, as some of these enterprise insolvencies have resulted in the business continuing as a going concern. The largest 10 enterprises entering insolvency accounted for an estimated 22% of all employees in insolvencies.

³ Total turnover of all business 'registered' for either VAT or PAYE in England and Wales
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/679939/BPE_2017_detailed_tables.xls

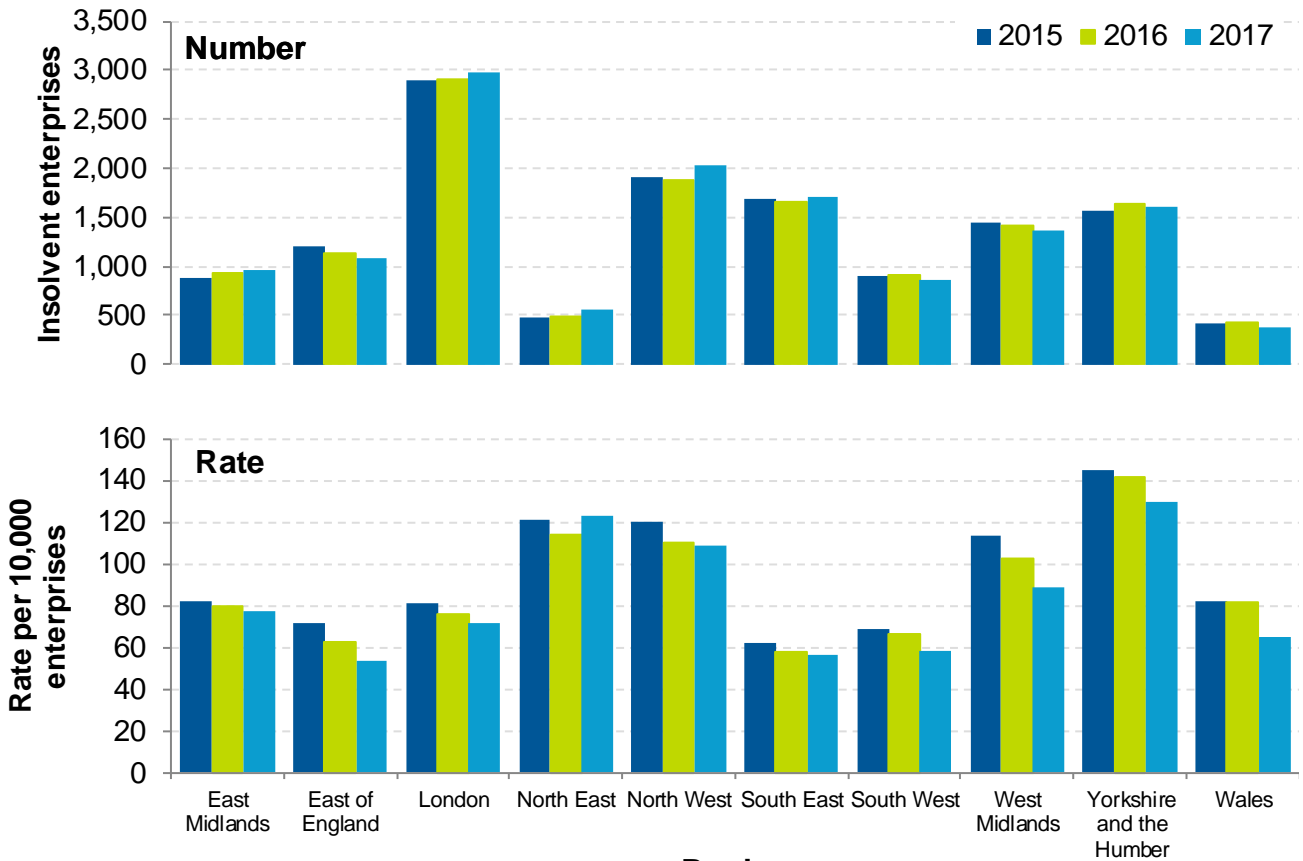
⁴ Total employee numbers of all business 'registered' for either VAT or PAYE in England and Wales
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/679939/BPE_2017_detailed_tables.xls

3. Northern regions had higher than average rates of insolvency

Region refers to where a company’s head office is registered and does not necessarily reflect where they carry out their business activities or where their employees are based.

- Yorkshire and the Humber, North East and the North West had the highest insolvency rates
- London had the highest number of insolvencies

Figure 2: Enterprise insolvencies by region, England and Wales, 2015-2017⁵



The highest insolvency rates were all in the regions of Yorkshire and the Humber, the North East and the North West. In Yorkshire and the Humber there were 129 insolvencies per 10,000 enterprises in 2017 compared with the overall insolvency rate for England and Wales which was 81 per 10,000. This means there were an additional 48 enterprise insolvencies for every 10,000 enterprises in Yorkshire and the Humber, compared to England and Wales as a whole.

Region

The “head office effect”

The regional split of insolvency is based on the registered address of the enterprise. In some cases enterprises may carry out their activities over several locations.

Therefore, counts of enterprise insolvencies may be concentrated in some regions. This effect is also present for the wider population of enterprises used to calculate insolvency rates by region.

⁵ Rate based on Table 14 of the 2017 edition of UK business: activity, size and location - <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

Insolvency rate per 10,000 corporate enterprises

The insolvency rate per 10,000 enterprises is used in this release to give a sense of the likelihood of an individual enterprise with certain characteristics becoming insolvent. It is the number of enterprise insolvencies divided by the number of enterprises registered with the IDBR, multiplied by 10,000. A rate of 100 insolvencies per 10,000 enterprises is equivalent to 1% of all enterprises.

The insolvency rate in the North East increased by 9 insolvencies per 10,000 enterprises to 123 per 10,000 enterprises. This was the only region of England and Wales which saw an increase in its insolvency rate in 2017.

The largest decrease in the insolvency rate occurred in Wales which fell by 16 insolvencies per 10,000 between 2016 and 2017.

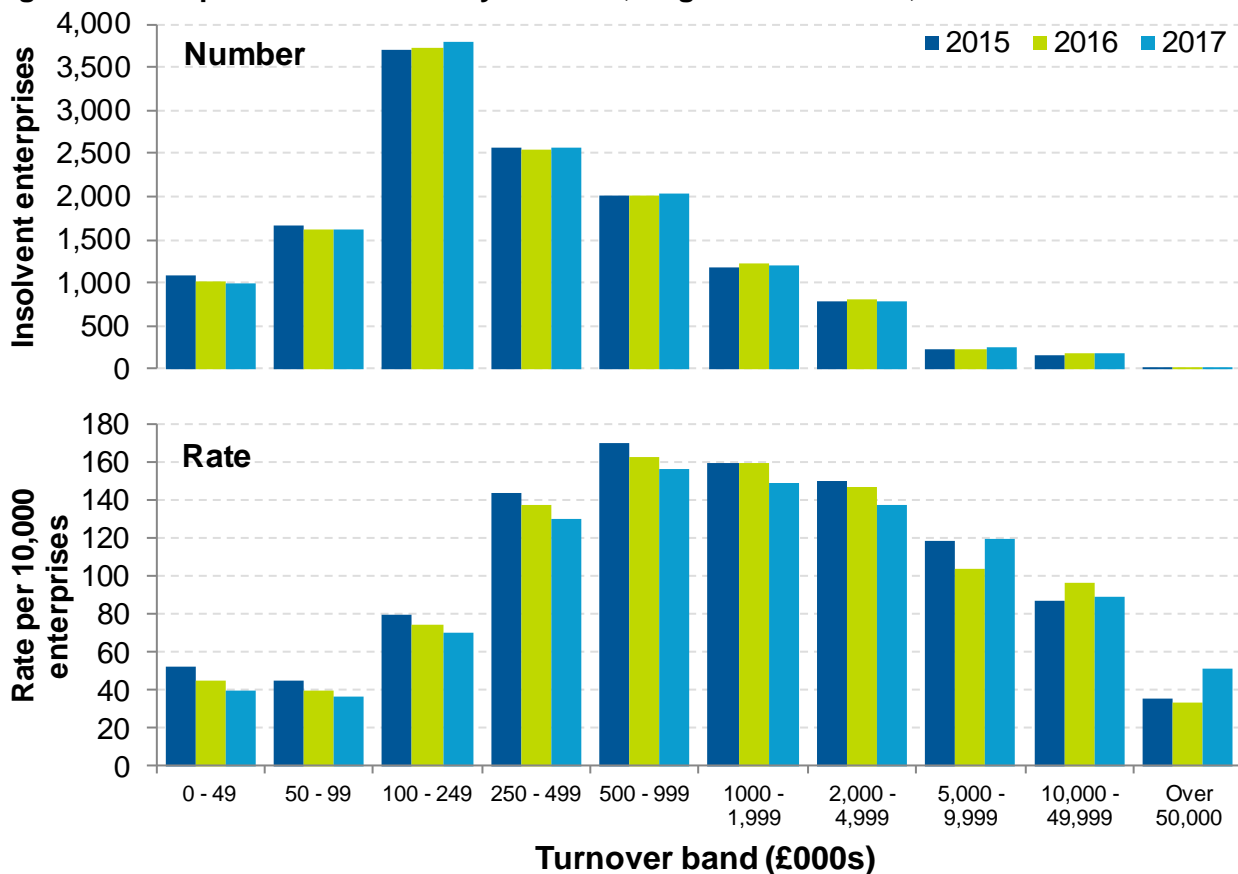
In 2017, 2,975 enterprises in London went into insolvency, accounting for just over a fifth of all insolvencies. However, with nearly a quarter of enterprises registered in London, the insolvency rate in London was below the England and Wales overall rate.

The type of insolvency was fairly consistent across England and Wales. CVLs were the most common form of insolvency in all regions, ranging from 67% of all enterprise insolvencies in the South East to 77% in Wales and the East Midlands.

4. Medium-sized enterprises were most likely to be insolvent, but the majority of companies entering insolvency were small

- 57% of insolvencies in 2017 were in enterprises with 4 or fewer employees
- 48% of insolvencies were in enterprises with turnover less than £250,000

Figure 3: Enterprise insolvencies by turnover, England and Wales, 2015-2017⁶



Estimates of turnover and employee numbers

In some cases a company will have entered insolvency while the linked IDBR enterprise has not. This may have been due to the insolvent company being part of a larger group where the wider group did not enter insolvency. In these cases the Company Registration Number was used to identify if the insolvency was linked to an ongoing enterprise in the IDBR. In these cases we have estimated the likely turnover and employee number of the affected enterprise entering insolvency. Further details on the methodology can be found in section 9 background notes.

⁶ Turnover based on Table 15 of the 2017 edition of UK business: activity, size and location - <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

Figure 4: Enterprise insolvencies by employee band, England and Wales, 2015-2017⁷



Enterprises with the lowest employment and/or turnover accounted for the largest number of insolvencies, with 57% of insolvencies occurring in enterprises with 4 or fewer employees, and 48% of insolvencies in enterprises with a turnover under £250,000. However, in these types of enterprise the insolvency rate was lower than the England and Wales average.

At the other end of the scale, very large enterprises were also less likely to enter insolvency. Those enterprises with a turnover of £50 million or greater (52 insolvencies per 10,000), or more than 250 employees (73 insolvencies per 10,000), had a lower rate of insolvency than the England and Wales average.

This could be because larger enterprises could restructure outside of insolvency in the first instance, while smaller enterprises may have the flexibility to respond more quickly and avoid insolvency.

The highest rates of insolvency were in those enterprises with a turnover of £500,000 - £999,000 (156 insolvencies per 10,000 enterprises) and 20 - 49 employees (181). This has been the case in every year since 2015. In all years between 2015 and 2017, enterprises with 20 - 49 employees were twice as likely to enter insolvency compared to the England and Wales rate.

⁷ Rate for employee based on Table 14 of the 2017 edition of UK business: activity, size and location - <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

5. Administration was the most common form of insolvency for larger enterprises

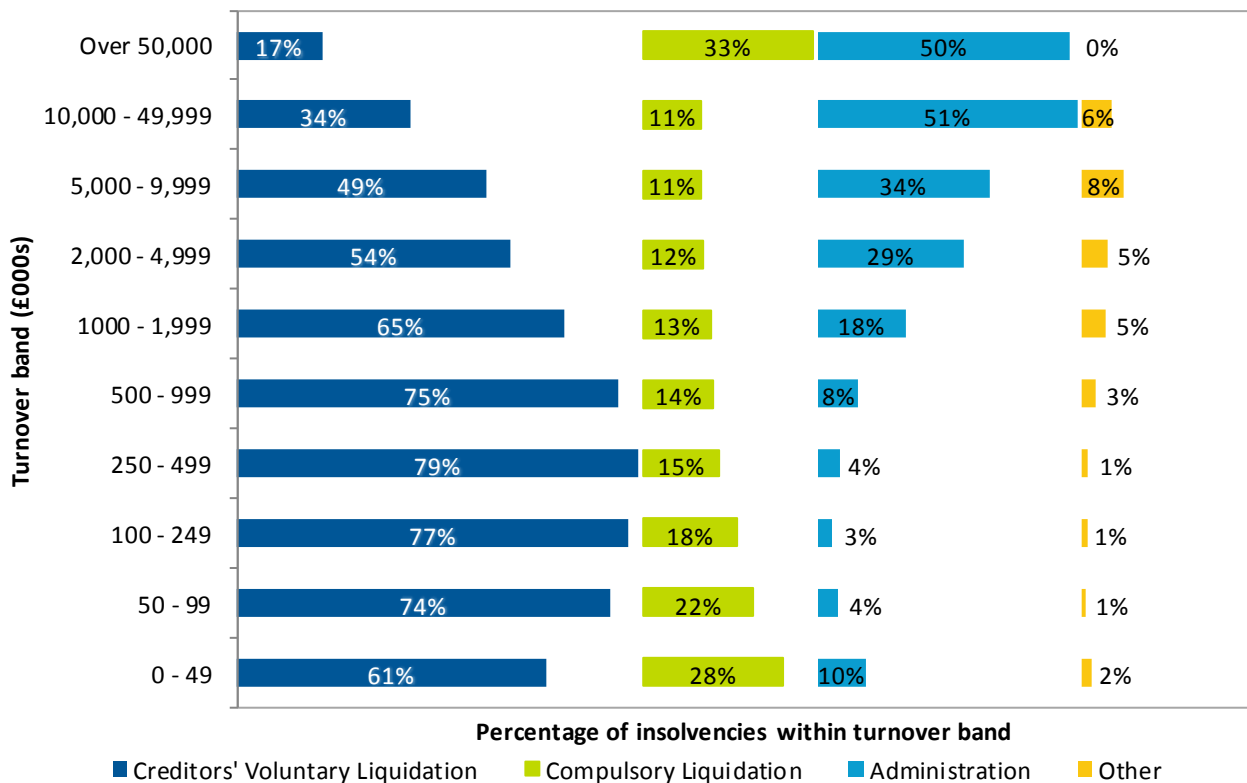
- Administrations accounted for just 9% of overall insolvencies, but accounted for over 50% among enterprises with turnover above £10 million

Around half of insolvencies in enterprises with a turnover of £10 million or more used an administration in 2017. The median turnover of enterprises using administrations was £1.13 million, growing from £843,000 and £972,000 in 2015 and 2016 respectively. The median turnover of enterprises using administrations was notably higher than the median turnover of enterprises using other forms of insolvency.

Just 3% of insolvent enterprises with a turnover of between £100,000 and £249,000 used administration as a means of entering insolvency in 2017.

Compulsory liquidations were common in very small enterprises (28% in enterprises with turnover below £50,000). Some caution should be taken in interpreting these statistics for very large enterprises as there have been fewer than 10 compulsory liquidations in this group in each year since 2015 and small population sizes can cause fluctuations in results.

Figure 5: Type of insolvency by turnover band, England and Wales, 2017



6. Enterprises in the accommodation and food services industry were most likely to become insolvent

- 217 enterprises per 10,000 in the accommodation and food services industry became insolvent, the highest of rate of any industry
- Agriculture, forestry and fishing enterprises were least likely to become insolvent

In 2017, enterprises in the accommodation and food services industry entered insolvency at a rate of 217 enterprises per 10,000 in England and Wales. These enterprises had similar turnover to the typical England and Wales enterprise insolvency with a median turnover of £250,000 (compared to £266,000 for England and Wales). Enterprise entering insolvency in this industry had a median of 7 employees (compared to an England and Wales median of 4).

The lowest rate of insolvency was in the agricultural, forestry and fisheries industry grouping with an insolvency rate of 30 per 10,000.

The highest number of enterprise insolvencies was within the construction industry in every year between 2015 and 2017. Despite a 5% rise in the number of insolvencies in the construction sector between 2016 and 2017, the rate of insolvencies fell by 4 insolvencies per 10,000 enterprises to 116.

SIC code classification

Figures for enterprise insolvency by industry will not be comparable to company insolvency statistics published in the [quarterly insolvency statistics release](#). In some cases this is due to the company having a different SIC code from its parent enterprise, for example where a large enterprise will have a logistics company while its main business is retail. Another example is where a company has been bought out of insolvency by another enterprise which is in a different industry grouping.

Figure 6: Total enterprise insolvencies by industry, England and Wales, 2017

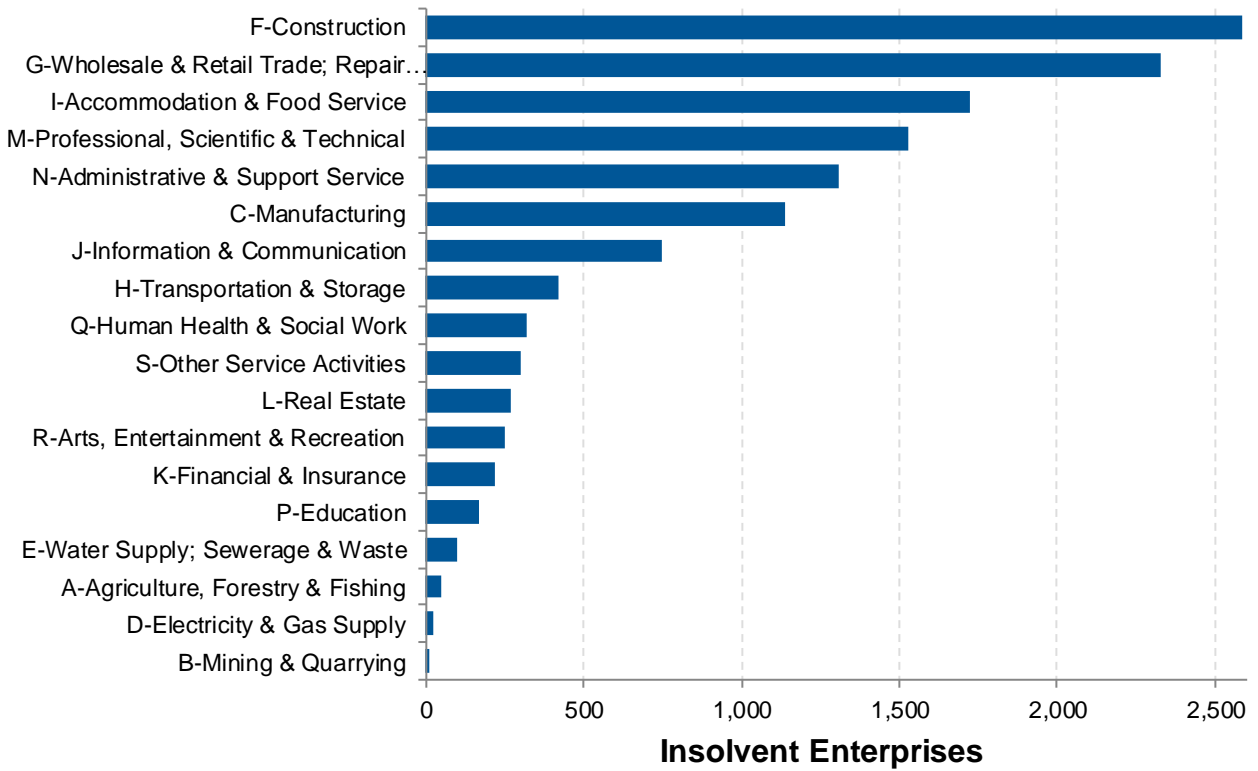
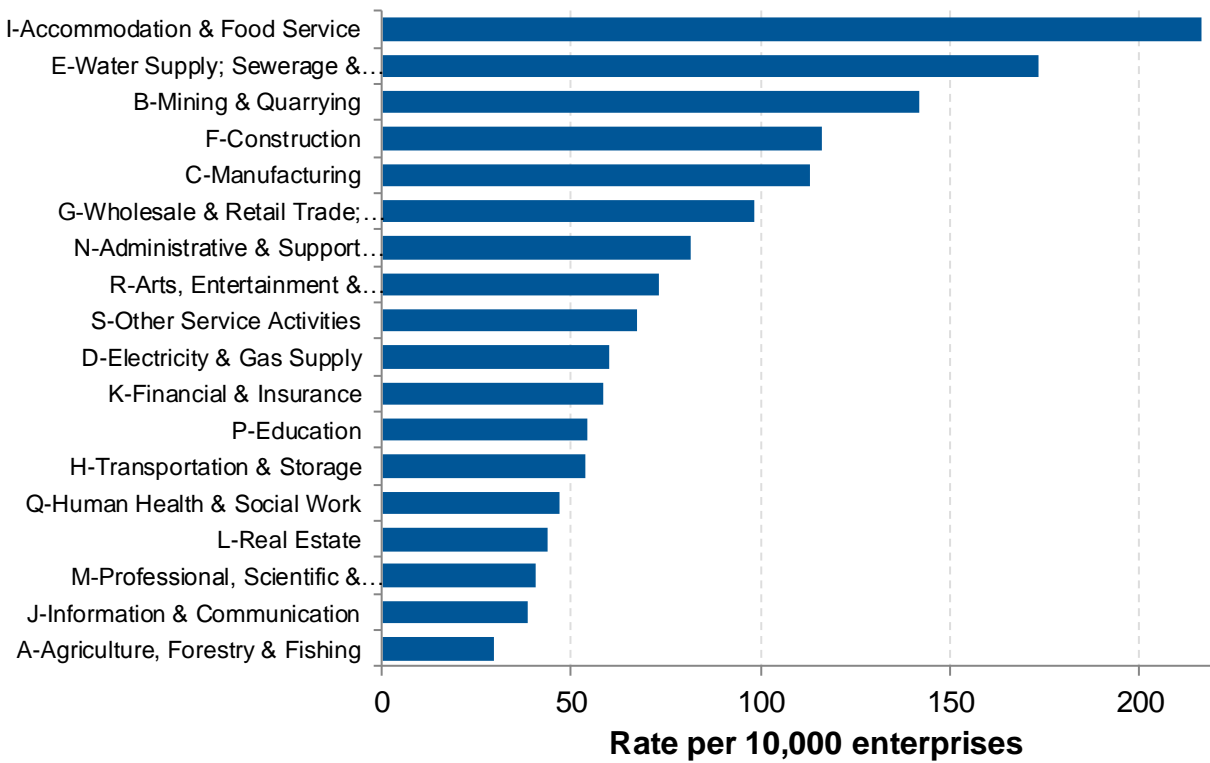


Figure 7: Enterprise insolvency rate per 10,000 by industry, England and Wales, 2017⁸



⁸ Sector rate is based on an ad hoc request to ONS

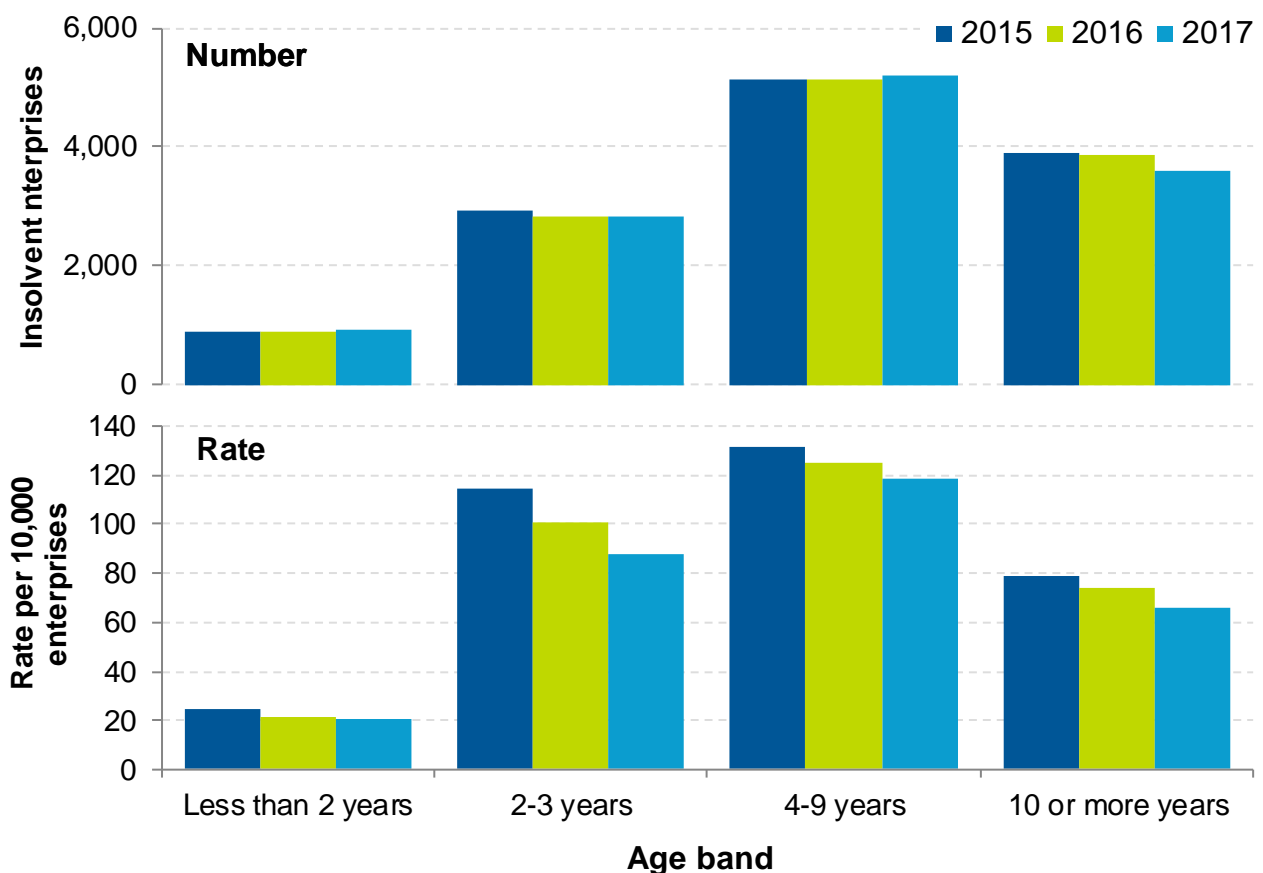
<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/adhocs/007922companiesbyregionanduksic2007group2015to2017>

7. Insolvency was most likely in enterprises between 4 and 9 years old

- Enterprises that are between 4 and 9 years old had the highest number of insolvencies and the highest insolvency rate

In all years between 2015 and 2017 the largest number of insolvencies occurred in companies that were aged between 4 and 9 years old. In 2017, 5,200 enterprises in this group went into insolvency. The lowest number of insolvencies for all years since 2015 occurred in enterprises that were under 2 years old. 910 enterprises in this group went into insolvency in 2017.

Figure 8: Total insolvencies by age band, England and Wales, 2015-2017⁹



In 2017 insolvencies were least likely to happen in enterprises that were under 2 years old. The insolvency rate in this group was 21 per 10,000 enterprises and was around a quarter of the rate for all enterprises in England and Wales. Similar rates were observed in this group in 2015 and 2016. Those enterprises aged between 4 and 9 years old were the most likely to go into insolvency from 2015 to 2017. In 2017, the insolvency rate in this group was 118 per 10,000 enterprises in England and Wales.

Age of enterprise
In some cases where an Insolvent company is part of wider group their 'death date' is not recorded as the enterprise continues to exist.

⁹ Age rate is based on an ad hoc request to ONS

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/adhocs/008156analysisofenterprisesinlegalstatus1companiesincludingbuildingsocietiesbyageofbusinessforcountriesoftheukfor2015and2016>

8. Definitions

Creditors' voluntary liquidation (CVL)	shareholders of a company can themselves pass a resolution that the company be wound up voluntarily.
Company voluntary arrangement (CVA)	these are 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 unsecured creditors, the arrangement is binding on all unsecured creditors. CVAs are supervised by licensed insolvency practitioners.
Compulsory liquidation	a winding-up order obtained from the court by a creditor, shareholder or director. An official receiver is appointed though may be replaced by an insolvency practitioner.
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
Total enterprise insolvencies	The sum of CVL, CVA, Compulsory Liquidation and Administration.
Enterprises	An enterprise is a statistical unit, defined as the smallest group of legal units (generally based on VAT or PAYE) within an enterprise group (where one exists) that have a certain degree of autonomy or control. An enterprise is essentially a business. It is generally located at the main operating site or the head office. For small businesses the head office and the operations often will be at the same address. For larger businesses, for example a supermarket chain with several hundred shops across the UK, the head office is likely to be in London or another large city and the operational units (local units or sites) will be at numerous addresses throughout the country ¹⁰

¹⁰ ONS - UK Business - activity, size and location, May 2017, <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

9 Background notes

Further information can be found in the [Guide to Insolvency Statistics](#), including high-level descriptions of the types of insolvency which apply to companies and people; the data recorded and any associated data quality issues; and legislation coming into effect in the period covered by the statistics, which may affect comparisons over time.

Data sources and methodology

More details may be found in Insolvency Statistics Methodology, the Statement of Administrative Sources, the Revisions Policy, and Data Quality Assurance and Audit Arrangements, on the [policy and procedures](#) section of the Insolvency Service website.

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, Energy and Industrial Strategy (BEIS). For Scotland, the company insolvency statistics are derived from administrative records at Companies House. For Northern Ireland, statistics are derived from administrative records of the Department for the Economy's Insolvency Service and from Companies House.

Postcode data are matched against the National Statistics Postcode Lookup, to determine the region and local authority of each enterprise. These data are then aggregated to produce counts of insolvencies in each geographical area. The National Statistics Postcode Lookup is derived from data from the Office for National Statistics and Ordnance Survey.

Enterprise demographics for region, turnover, age and region are sourced from the [Inter-Departmental Business Register \(IDBR\)](#)

Methodology

Estimates have been made of the number of companies that have been bought out of insolvency by another enterprise and the turnover and employee numbers of these companies.

To estimate the number of companies entering insolvency that were part of a larger group where the wider group may not have entered insolvency an assumption was made that every enterprise with more than one local unit attached could have the potential to be part of a wider enterprise. A random sample of these enterprises was then checked against [Company House data](#) to ascertain whether it was just the company entering insolvency or that the wider enterprise also went into insolvency. Further to this all enterprises that were identified in the highest bands for turnover and employee number were also checked against [Company House data](#) to deduce the ongoing status of the enterprise.

$$\text{Sample Needed} = \frac{z^2 \sigma(1 - \sigma)}{\epsilon^2}$$

Confidence Interval	Z Score (z)	Standard Deviation (σ)	Margin of Error (ϵ)	Sample Needed
95%	1.96	0.5	5%	384.16

To establish an estimate of the turnover and number of employees of a company entering insolvency, an assumption was made that each local unit represented an equal share of the overall turnover or employee count.

Turnover was then estimated as follows:

$$Turnover = \frac{ET}{LU} \times \lambda$$

where ET is enterprise turnover, LU is number of local units and λ is the number of linked companies entering insolvency.

Quality

This section provides information on the quality of the 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)

Corporate insolvency figures at national (England and Wales) level are published quarterly by the Insolvency Service as a National Statistics release. The most recent such figures relate to Q3 2018, published on 30 October at <https://www.gov.uk/government/statistics/insolvency-statistics-july-to-september-2018> and relate to figures at a company level. The experimental statistics in this publication provide breakdowns by region, turnover, age and employee number at an enterprise level.

Users of 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. More formal engagement with users has recently included a user feedback survey on Insolvency Service Official Statistics, the results of which can be found here:

[Summary of User Feedback on Insolvency 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, limited partnership or a partnership are required by law to be reported to the appropriate body, so the raw data should be a complete record of insolvency in the United Kingdom.

Where a company has been bought out of insolvency by an ongoing business, IDBR have only been able to provide links to the ongoing enterprise and not the insolvent company. Therefore turnover, employee number, SIC code, region and age are from the ongoing enterprise and not the insolvent company. An estimate of the turnover and employee number has been made (see methodology section in background notes).

The regional split of insolvency is based on the registered address of the enterprise. In some cases enterprises may carry out their activities over several locations across regions. A local unit is a statistical unit in an enterprise, defined as the individual site (shop, factory, etc.) situated in a

geographically identified place .Only 7% of enterprises in insolvency operated with more than one local unit.

Figures for enterprise insolvency by industry will not be comparable to company insolvency statistics published in the quarterly National Statistics release. In some cases this is due to the company having a different SIC code from its parent enterprise, for example where a large enterprise has a logistic company while its main business is retail. In other cases, a company may be part of wider enterprise which may be in a different industrial grouping. 67% of company insolvencies have the same high level SIC code as their linked enterprise SIC code.

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 quarterly *Insolvency Statistics*. These report figures for number and rate of company insolvencies in England and Wales, they differ from this publication in that they are based on company and not enterprise insolvencies. This means that the totals are not identical between different outputs.

[Companies House](#) produces quarterly Official Statistics on company insolvencies registered but these are not consistent with this release.

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.)*

This release is produced as an experimental ad-hoc publication and related to insolvency up to year ending 2017. The quarterly Insolvency Statistics are usually published on the 29th of the month following the end of the quarter being reported on; currently the most recent release of The Quarterly Insolvency Statistics relate to Q3 2018.

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)*

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](#).

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 on the cover page of this release.

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, and in the [Guide to Insolvency Statistics](#).



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