



# Monthly Insolvency Service Statistics

## Methodology and Quality Document

These monthly statistics are designated as 'experimental statistics', defined in the Code of Practice as 'new Official Statistics undergoing evaluation that are published in order to involve users and stakeholders in their development as a means to build in quality at an early stage'.

Experimental statistics status is given at the discretion of the responsible statistician. Defining what is experimental is largely a matter of judgement but will typically arise when statistics are new and still subject to testing in terms of their ability to meet users' needs.

The removal of the 'experimental' classification will take into account factors such as:

- When it is judged that the statistical methods are relatively stable
- When coverage reaches a good level
- When user feedback indicates that these statistics are useful and credible
- When the defined development phase has ended
- When it is judged that the statistics meet the quality standards of National Statistics, following assessment by the UK Statistics Authority

The Code promotes and supports the release of experimental statistics to involve users in their development at an early stage; however, it is likely that the statistics will not be fully compliant in all areas due to their nature as 'data being developed'.

### Data Sources

Data for individual insolvencies in England and Wales and Northern Ireland are sourced from the Insolvency Service case information system (ISCIS).

Corporate insolvency data for England and Wales Scotland are sourced from Companies House, except for compulsory liquidation data for England and Wales (sourced from the ISCIS).

Corporate insolvency data for Northern Ireland were incorporated in the report from the June 2020 release and are sourced from Companies House, except for compulsory liquidation data (sourced from the Department for Enterprise, Trade and Investment, Northern Ireland, DETNI).

More information on the administrative systems used to compile insolvency statistics can be found in the [Statement of Administrative Sources](#).

### Methodology

*Validating underlying company and individual insolvency data*

Insolvency data used to produce all statistics outputs in the [Insolvency Statistics collection](#) undergo a series of checks by the statistics team prior to publication. Data from each source are also validated prior to being supplied for publication, for example, the removal of duplicate records.

Full details of how the data passes through the stages of initial collection, data entry, storage and analysis; and the checks that are made on the data at each stage, can be found in the [Administrative Data Quality Assurance and Audit Arrangements](#) paper that accompanies all of our statistical outputs.

### *Tabulating overall insolvencies*

Validated insolvency data were tabulated by insolvency type and calendar month for all company and individual insolvencies.

Note that data were **not** seasonally-adjusted. Insolvency data with seasonal or other calendar influences that influence patterns in the data series are typically seasonally adjusted. The process of seasonal adjustment results in a clearer picture of the underlying behaviour of the data.

However, the underlying data used to compile the Monthly Insolvency Statistics have not been seasonally adjusted as the monthly historical time series is too short to enable any seasonal trends to be determined. Therefore, comparisons over time should be made with caution since they may not be valid.

For Individual Voluntary Arrangements (IVAs) and most company insolvencies, the reported calendar month was based on the month in which cases were registered onto the relevant administrative system. For bankruptcies debt relief orders (DROs) and compulsory liquidations, the calendar month was based on the date of the order or agreement (or the 'start' date).

Note that the separate quarterly [company](#) and [individual](#) insolvency statistical series presents bankruptcies, DROs and compulsory liquidations by the quarter in which they were estimated to have been registered, rather than the start date. However, the process to estimate the registered date is comprehensive and provides only a proxy of the reporting quarter, not month. To avoid any unnecessary delay in releasing these timelier statistics, this monthly statistical release presents bankruptcies, DROs and compulsory liquidations as at their start date as recorded on the administrative systems, not by the estimated date of registration. Therefore, quarterly sums of these monthly statistics may not equal the previously published quarterly statistics.

The underlying IVA data are volatile and so in addition to presenting counts of registered IVAs, three-month rolling averages have also been calculated since the June 2020 release to smooth out the data and better constitute trends over time (see Quality section below for information on the volatility of these data). Three-month rolling averages are the mean average numbers of registered IVAs in the three months ending in the reference period. For example, the three-month rolling average estimate for January 2019 is the calculated mean average of the total IVA registrations during November 2018, December 2018, and January 2019. The mean average was calculated by summing together the true totals of IVAs registered in each month and dividing it by three.

### *Tabulating insolvency by industry tables*

Company insolvencies in England & Wales and Scotland, and bankruptcy orders relating to the self-employed in England & Wales, are tabulated by the Standard Industrial Classification (SIC) 2007 and calendar month.

Company insolvency data, supplied by Companies House, contains a mixture of the 2003 and 2007 versions of SIC. Where a 2003 code has been supplied, it has been converted to 2007 codes using a 'best match' approach using weighted tables provided by the [Office for National Statistics](#). Where more than one SIC code is recorded for a company, only the first listed, or the primary, code is used for this purpose.

For compulsory liquidations in England and Wales, companies are matched against the Companies House register where possible, and SIC data are drawn from this source. Where matching is not possible, data from the Insolvency Service's administrative systems are used

instead. For compulsory liquidations and bankruptcies in England & Wales, data are recorded on the Insolvency Service's administrative system using the 2003 version of SIC. These SIC codes have been converted to 2007 codes using the 'best match' approach described above.

For information on SIC 2007, including its structure and more detailed information on which industries are included, please see the [Office for National Statistics website](#).

## Quality

This section provides information on the quality of these monthly insolvency statistics, to enable users to judge whether the data are of sufficient quality for their intended use.

The section is structured to align with the Quality Assurance Framework of the [European Statistical System](#) for statistical outputs.

**Relevance:** *The degree to which the statistical product meets user needs in both coverage and content.*

The insolvency statistics are the most comprehensive record of the number of corporate and individual insolvencies in the UK. They include all formal types of insolvency procedure currently available.

These monthly experimental statistics have been compiled in response to the coronavirus (COVID-19) pandemic, with the aim of publishing more frequent information to better meet user need during this time of economic uncertainty. These statistics are marked experimental since the content will continue to be reviewed to user that they meet user need.

The statistical release itself covers the period 1<sup>st</sup> January 2019 to 30<sup>th</sup> April 2020, by calendar month, to enable users to understand any effects on insolvency since the start of the pandemic, alongside a short historical trend.

This statistical release presents company insolvencies for England and Wales, Scotland and Northern Ireland. Individual insolvencies are presented for England and Wales, and Northern Ireland.

Individual insolvencies in Scotland are compiled and published separately by the [Accountant in Bankruptcy](#) (AiB) The Insolvency Service incorporates individual insolvencies in Scotland into the [quarterly individual insolvency statistics](#) for completeness. However, to avoid any unnecessary delay in releasing these more timely statistics, monthly individual insolvencies for Scotland were not pulled into this statistical release since they can be accessed via the [AiB website](#).

Key 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. Insolvency statistics are typically 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 on the front page of the latest release).

**Accuracy and Reliability:** *Accuracy is the proximity between an estimate and the unknown true value. Reliability is the closeness of early estimations to subsequent estimated values.*

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 Insolvency Service statistics should be a complete record of insolvency in the United Kingdom.

Numbers of insolvency cases are typically based on the date they were registered onto the relevant administrative recording system, and so it should be noted when making comparisons of trends over time, that trends can be influenced by late reporting.

The impact of delayed reporting is especially an issue for IVAs. IVAs are counted within the statistics once they are registered with the Insolvency Service and are reported by month of registration date. There can be a time lag between the date on which the IVA is accepted (known as the date of creditor agreement) and date of registration by licensed insolvency practitioners working for firms that specialise in this area. This time lag can lead to volatility in the data from one month to the next and create difficulty in constituting reliable short-term trends, since changes over time may be partly a result of IVA provider activity and not just true changes in numbers of IVAs. Therefore, three-month rolling averages have been calculated to smooth the data and indicate what the overall trend of IVA registrations *might* look like if the underlying data were less volatile. For transparency, both the counts of IVA registrations and three-month rolling averages are presented in the statistics. However, both sets of numbers should be used with caution.

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.

Note that data for the most recent month were extracted approximately five working days after month end. Whilst there is no expectation for revisions, aside from potential updates to statistics for those insolvency types that use the start date, there is an increased likelihood that published statistics may be revised in the future. Therefore, these monthly statistics are marked provisional.

**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.*

Individual and company insolvency data were extracted approximately five working days after latest month end. The exception to this were the bankruptcy statistics by employment status, and the industry breakdowns for those who were self-employed where there is a one-month delay in reporting. This is because it can take several weeks for employment status to be recorded following the date of the bankruptcy order.

Typically, these statistics are scheduled to be released two weeks (10 working days) after month end, to provide faster indicators of the impact of the coronavirus (COVID-19) pandemic on insolvency across Great Britain.

Where a scheduled release date falls on a Monday the scheduled release has been pushed forwards by a day, to the Tuesday, to ensure compliance with the [Pre-release Access to Official Statistics Order](#).

The publication schedule for these statistics, and all other Insolvency Service statistics, can be found on the [UK National Statistics Publication Hub](#).

**Comparability and Coherence:** *Comparability is the degree to which data can be compared over time and domain. Coherence is the degree to which data are derived from different sources or methods, but refer to the same topic, are similar.*

The Insolvency Service also publishes quarterly company and individual statistics. As detailed in the methodology section above, the sum of these monthly statistics may not equal previously published quarterly statistics due to the use of different reporting dates for bankruptcies, DROs and compulsory liquidations. In addition, the administrative systems used to capture data are live systems and are subject to amendments.

[Companies House](#) produces official statistics on companies in liquidation and in dissolution. However, these figures do not align with the insolvency statistics, since they include companies that wound up voluntarily.

The Office for National Statistics also produces annual statistics on business “deaths” in its [Business Demography](#) publication. Again, figures do not align with Insolvency Service statistics as they relate to all registered businesses, whereas the insolvency statistics relate only to companies on the Companies House register, and business deaths include all types of dissolution in addition to insolvencies.

The AiB is required to be notified of all company liquidations and receiverships in Scotland, and publishes official statistics based on its own administrative records. These differ from the Insolvency Service statistics, which use data from Companies House as the source. Differences are due to the AiB using its own administrative system’s date rather than the start date of the insolvency. 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.

Insolvency records can also be publicly accessed via a range of data products from The Gazette. The Gazette provides a permanent, official public record of important statutory and non-statutory notices that can be used to support legal and other processes, and act as a means of advertising public notices. However, there may be differences between statistics published by the Insolvency Service and statistics compiled from The Gazette’s data products. For example;

- The Gazette reports on members voluntary liquidations which are excluded from Insolvency Service statistics as these are not part of the formal insolvency process.
- Insolvency Service case management system data are used to report on compulsory liquidations within our statistics, which may result in different numbers to those provided by the Gazette.
- There may be differences in the methodologies used to de-duplicate and count insolvency records.
- There may be some time lags between reporting to Companies House and notification in the Gazette, although in the main these time lags should be minimal.

**Accessibility and Clarity:** *Accessibility is the ease with which users are able to access the data, also reflecting 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 They are released via the [Publication Hub](#) and they meet the standards required under the [Code of Practice for Official Statistics](#).

Historical insolvency 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.



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