



Annual IVA outcomes and providers statistics: Background, Methodology and Quality

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These annual Official Statistics provide a summary of the outcome status of Individual Voluntary Arrangements (IVAs) registered between 1990 and 2019 in England and Wales, and a breakdown of the number of IVAs registered by provider from 2017 to 2020.

These statistics are designated as 'official statistics', defined in the [Code of Practice for Statistics](#) as statistics that have public value, are high quality, and are produced by people and organisations that are trustworthy.

Background

An individual voluntary arrangement (IVA) is a formal debt solution for people unable to pay their debts. Individuals who wish to enter into an IVA must submit an application through an Insolvency Practitioner (IP) who will then contact creditors and gain approval for an IVA proposal. An arrangement is agreed if 75% of more of creditors approve the proposal. The arrangement is then binding on all parties.

It is usual practice for IVAs arrangements to last for five or six years and the debtor has to comply with their obligations under the arrangement throughout the duration of the arrangement. If a debtor fails to keep to the terms of the arrangement, the IP will end the arrangement and the IVA is considered 'terminated' (or 'failed').

IVAs may last longer than the typical five to six-year period for reasons including:

- the individual originally agreeing to an IVA that would last for this length of time;
- the individual taking payment holidays or another variation of an IVA agreement which has lengthened its original duration;
- the IVA having been kept open pending the outcome of a claim for compensation in relation to mis-sold payment protection insurance.

The Insolvency Service first published these statistics in 2010, implementing a recommendation from the [Insolvency Practices Council \(IPC\)](#) to publish annual statistics showing the current status of IVAs set up since their introduction, to monitor the percentage of terminated (or failed) IVAs.

In response to concerns raised regarding the handling of IVAs in 2008, the Insolvency Service led the development of an "IVA Protocol", agreed by the [IVA standing committee](#) who have continued to meet regularly to provide information about the operation of the IVA Protocol. The aim of the protocol was to encourage best practice and streamline the process for straightforward consumer IVAs. This "IVA Protocol" has been in effect since February 2008 and has been routinely revised accordingly. The latest protocol, and previous versions, can be found on Gov.uk: <https://www.gov.uk/government/publications/individual-voluntary-arrangement-iva-protocol>

The IVA Standing Committee noted that the COVID-19 pandemic may have a direct impact on a consumer's circumstances and that it may not be possible for some people to meet their obligations under the existing terms of their IVA. In addition, the pandemic may affect the sustainability of any new arrangements. Therefore, in April 2020 the committee drafted

[guidance allowing flexibility](#) to be applied to IVAs which are already being supervised, as well as new IVAs drafted from April 2020.

The intention of this additional guidance is to support consumers to enable them to continue with their IVA throughout the COVID-19 pandemic with a sustainable payment plan. Supervisors must be mindful of the impact any payment break and/or payment reduction will have on the funds owed into the arrangement and ensure they make the consumer aware of how, if granted, the shortfall will be paid. Where possible a reduction in payments may be more favourable than a payment break to reduce this burden. The period for which this guidance applies initially ran from 20 April 2020 to 20 October 2020. The guidance was revised in September 2020 and further extended until 30 April 2021.

Data Sources

Individual insolvency data, including IVA data, for England and Wales are sourced from the Insolvency Service case information system (ISCIS). More information on this administrative system used to compile these statistics can be found in the [Statement of Administrative Sources](#).

Methodology

Case level data for all IVAs registered in each calendar year since 1990 were extracted from administrative records held by the Insolvency Service. For each case, a unique identifier, registration date, current status (as at 31 December 2020) and the date that status was changed was extracted.

The name of the firm that agreed each IVA was also extracted. For previous releases of these statistics the firm information extracted reflected the firm with which the Insolvency Practitioner (IP) handling the case was registered with. However, this was not always the same firm managing the case. The more accurate firm data have now been located and extracted from the administrative system.

Any duplicate records in the data were identified and removed from the dataset.

The extracted case level data were aggregated by year of registration and case status as at 31 December 2020, as presented in accompanying Table 1. IVAs with a case status of 'ongoing', 'completed' or 'terminated' were included (see Glossary for definitions). IVAs that were subsequently revoked or suspended following registration were excluded. IVAs registered in 2020 were not presented as the vast majority are still ongoing.

The time from IVA registration to termination date was calculated for terminated IVAs. Cumulative percentages were then calculated and presented in Table 2 to show the percentage of IVAs terminated within a specified number of quarters from registration. There are, however, some concerns over the accuracy of this reporting, as detailed in the 'Accuracy and Reliability' section of this document.

Case level data were aggregated for IVAs registered in the most recent calendar year (2020) by IVA firm, as presented in Table 3. The firm is recorded in free-text form and therefore some cleansing was performed on the data to merge firms with similar names. Comparison numbers for the firms that managed over 90% of the IVAs in the latest year were also presented for the three previous years. As mentioned above, this table now presents more accurate reporting of IVAs by firm than in previous statistical releases, meaning that comparisons with previous years are no longer valid.

Revisions

These statistics are subject to scheduled revisions, as set out in the published [Revisions Policy](#). Other 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. Any future revisions will be marked with an 'r' in the relevant tables.

Quality

This section provides information on the quality of these 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 Service's statistics are the most comprehensive record of the number of corporate and individual insolvencies in the UK, including IVAs registered in England and Wales.

Key users of these statistics include the Insolvency Service itself, which has policy responsibility for insolvency in England and Wales; other government departments; parliament; the insolvency profession; debt advice agencies; media organisations; academics; the financial sector; the business community and the general public.

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 an individual in England and Wales are required by law to be reported to the Insolvency Service. Therefore, the Insolvency Service should hold a complete record of all approved IVAs.

IVAs in England and Wales are counted within the Insolvency Service official statistical releases once they are registered with the Insolvency Service. However, there is often 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. This creates volatility in the data and there may be IVAs registered in one year that started in the previous year, where the time lag has straddled year end.

The volatility in the data has raised concerns over the accuracy of the reported percentage of terminated IVAs within a specified number of quarters, as presented in the accompanying Table 2. Consider this example: If an IVA was agreed in September 2019, registered in October 2019 and then terminated in July 2020, Table 2 will report the IVA to have terminated in three quarters from the registration date. However, the IVA was actually active for four quarters from agreement date to termination. The volatility in the data has less impact on the reporting of IVAs terminated within one, two, three or more years. Therefore, the statistics team is proposing to amend Table 2 in future releases to only report cumulative terminations by year from registration, and not quarter.

Checks are in place to identify and remove duplication of cases.

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.*

Data as at 31 December were extracted in early January 2021. Typically, these statistics are scheduled to be released one month in arrears of year end (end of January). Due to a high demand for more frequent insolvency statistics and reduced resource in the statistics team, this statistical release was published two months in arrears, at the end of February 2021.

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 and monthly individual insolvency statistics, that include numbers of registered IVAs. Note that the numbers of registered IVAs presented within this statistical release may not be consistent with other published statistics as the data have been extracted from a live administrative system at a different point in time. The [quarterly National Statistics](#) are the definitive source of the number of IVAs registered each year in England and Wales. These statistics also present rates per 10,000 adults.

These statistics were not published in 2011 due to data quality issues following a major refresh to the Insolvency Service's IT systems. IVAs registered in 2010 and earlier years had unreliable data relating to the date of "status change" – that is, the date an IVA changed its status from "ongoing" to: "completed", "terminated", "suspended" or "revoked". This has caused a discontinuity in the statistics showing termination rates by the amount of time elapsed since registration; data for 2009 and 2010 were not available on this basis. Previously, status change dates for IVAs registered in 2011 and later years have been sourced from the current IT system, with equivalent data for IVAs registered in 2008 and earlier sourced from archived data. Extracts were taken from both data sources, as they both partially included correct dates for "date of status change". Through an extensive data matching process, we are now able to assemble an almost complete time series and analyse the results - though some data remain unavailable for 2010 and earlier years.

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.*

The commentary, accompanying tables and methodology and quality document are all available on [Gov.uk](#). The accompanying tables are provided in both .xlsx and .ods format.

Insolvency Statistics are available free of charge to the end user. They are released via the [Publication Hub](#) and they meet the standards required under the [Code of Practice for Official Statistics](#).

Views on the clarity of the publication are welcomed via the contact details on the cover page of this release.

Glossary

IVA: 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.

Ongoing IVA: Where the arrangement was still ongoing as at December 2020.

Completed IVA: Where the supervisor has issued a certificate ("the completion certificate") stating that the debtor has complied with their obligations under the arrangement.

Terminated (failed) IVA: Where the supervisor has issued a certificate ("Certificate of Termination") ending the arrangement because of the debtor's failure to keep to the terms of the arrangement.

Revoked/Suspended IVA: Where an application has been made to challenge the decision of a meeting approving an IVA, the court may revoke or suspend the approval or call for further meetings to be held. Notification of such action should be forwarded to the Secretary of State within 7 days of the making of the order.



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