



Insolvency Statistics – January to March 2017 (Q1 2017)

Coverage

England and Wales
Scotland
Northern Ireland

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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) and **individual insolvency** (people who are unable to pay debts and enter formal procedures).

Statistics are presented separately for England and Wales, Scotland, and Northern Ireland because of differences in legislation and policy.

Main messages

Companies

- **Total company insolvencies in Q1 2017 decreased compared with the unusually high level in the previous quarter, when a large number of connected personal service companies entered liquidation.**
- **Compared with last quarter's underlying numbers, company insolvencies rose in Q1 2017 for the third successive quarter.**

People

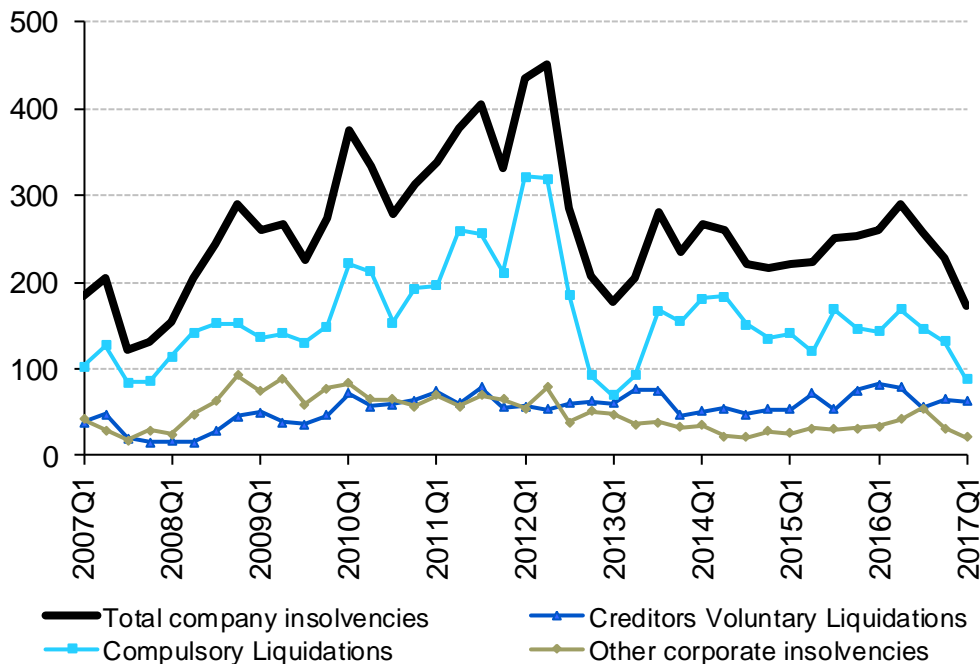
- **Total individual insolvencies increased this quarter, driven primarily by an increase in individual voluntary arrangements. This was the highest number of individual insolvencies since Q2 2014.**

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.

Figure 13: Company insolvencies in Scotland
(quarterly data, not seasonally adjusted)



Source: Companies House.

See Table 9 of the accompanying Excel file for more detail.

In the Q1 2017, there were an estimated 172 total company insolvencies, a decrease of 33.6% compared to Q1 2016. Of these, 151 were company liquidations – a 32.9% decrease on the same quarter of 2016.

Liquidations since Q3 2007 followed a generally increasing trend until a period of rapid decrease between Q2 2012 and Q1 2013.

In Q1 2017, there were an estimated 88 compulsory liquidations, a 38.5% decrease since Q1 2016 which is the first quarter not in line with the medium term trend of about 120 to 180 cases each quarter since late 2013.

The majority of company liquidations in Scotland are compulsory liquidations. 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 an estimated 63 CVLs. The number of CVLs has remained largely stable, with usually between 50 and 80 cases in each quarter since 2010.

There were an estimated 21 other company insolvency procedures in Q1 2017 (20 administrations and one company voluntary arrangement). There were no receivership appointments during this period.

Explanation of key terms

See section 3 (company insolvency in England and Wales) for further information.

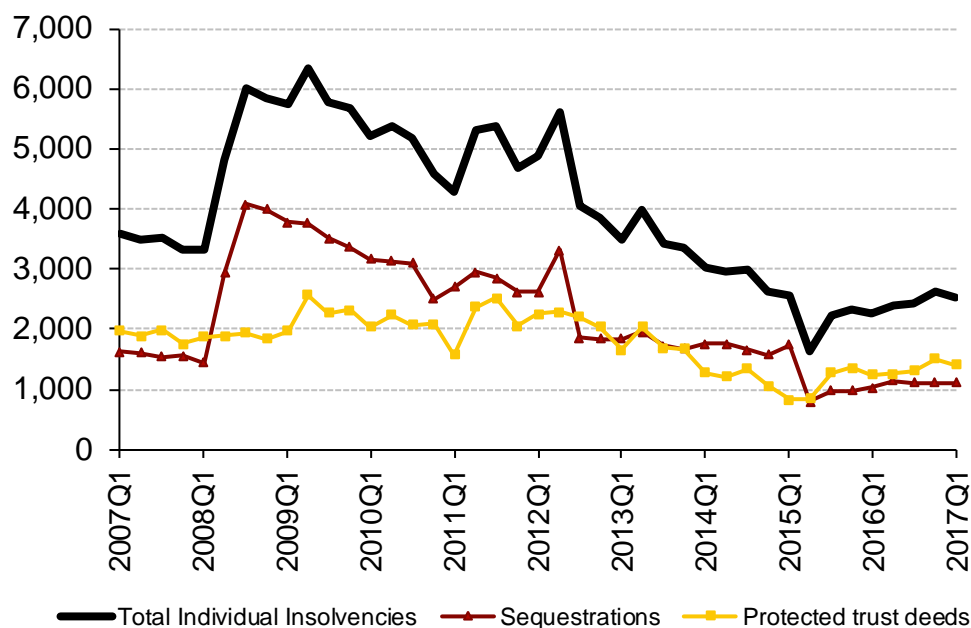
The Excel file which accompanies this release additionally contains statistics on the number of administrations, receiverships and CVAs in Scotland.

The [Accountant in Bankruptcy](#) (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.

4.2 Individual insolvency

Legislation relating to individual insolvency in Scotland is devolved. The [Accountant in Bankruptcy](#), Scotland's Insolvency Service, administers individual insolvency in Scotland.

Figure 14: Individual insolvencies in Scotland
(quarterly data, not seasonally adjusted)



Source: [Accountant in Bankruptcy \(AiB\)](#).

The sequestration figures include LILA (Low Income, Low Assets) cases from 1 April 2008, and MAP (Minimal Asset Process) cases from 1 April 2015.

See Table 11 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.

In April 2015, the Minimal Asset Process replaced LILA, and other changes affected sequestrations, resulting in a large decrease.

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](#), which are not formal insolvencies.

In Q1 2017, there were 2,513 individual insolvencies in Scotland, 11.0% higher than the same quarter in 2016 and a continuation of a generally increasing trend since late 2015.

There were 1,112 sequestrations in Q1 2017, an increase of 8.2% compared to Q1 2016. Of these, 446 people went into sequestration via the Minimal Asset Process route.

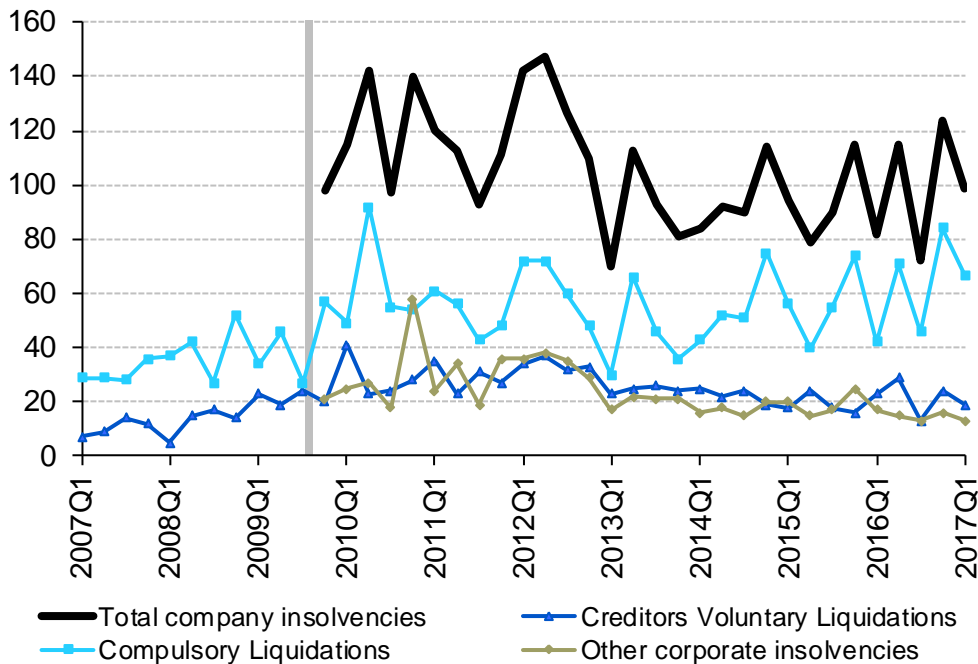
In Q1 2017, there were 1,401 Protected Trust Deeds (PTDs), an increase of 13.4% compared with Q1 2016. Recent changes to insolvency legislation have aligned the minimum periods that individuals are required to contribute to their insolvency estate to four years for both sequestrations and PTDs; prior to this, individuals entering sequestration were required to make contributions for three years. This change is likely to have led to some individuals entering PTDs rather than bankruptcy.

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.

Figure 15: Company insolvencies in Northern Ireland
(quarterly data, not seasonally adjusted)



Explanation of key terms

See section 3 (company insolvency in England and Wales) for further information.

Sources: Department for Enterprise, Trade and Investment, Northern Ireland; Companies House.

Vertical line indicates discontinuity in methods – data from 2009Q4 not directly comparable with previous data. Creditors' Voluntary Liquidations before 2009 Q4 includes those companies which had previously been in administration.

See Table 12 of the accompanying Excel file for more detail.

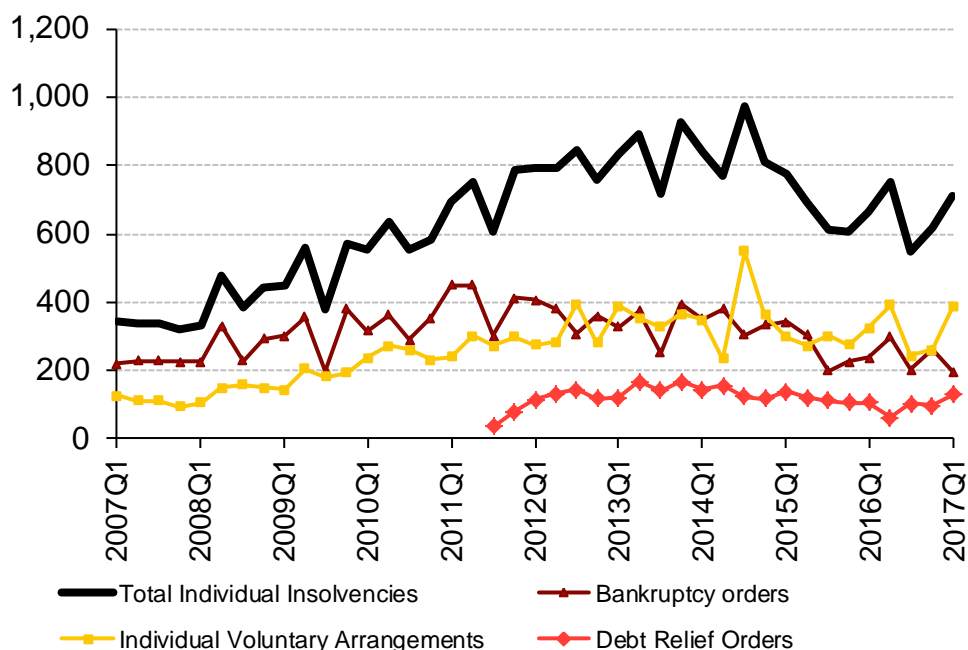
There were an estimated 99 company insolvencies in Northern Ireland in Q1 2017, 20.7% more than the same quarter in 2016. Of these, 67 were compulsory liquidations (up from 42 on the same quarter last year), and an estimated 19 were creditors' voluntary liquidations (CVLs, down from 23 in Q1 2016).

There were an estimated five administrations, seven company voluntary arrangements and one administrative receivership in Q1 2017.

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.

Figure 16: Individual insolvencies in Northern Ireland
(quarterly data, not seasonally adjusted)



Source: Department for Enterprise, Trade and Investment, Northern Ireland.
See Table 14 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 place 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 £20,000 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 712 individual insolvencies in Northern Ireland in Q1 2017, 6.9% more than the same quarter in 2016.

In Q1 2017 there were 197 bankruptcies, down 16.5% on the same quarter last year. This change coincided with a change in the minimum debt a creditor must be owed to make someone bankrupt, which increased from £750 to £5,000 for petitions presented from 30 November 2016.

There were 385 IVAs, an increase of 18.8% on the same quarter last year.

There were 130 DROs, up 22.6% on the same quarter last year. This increase coincided with a change to eligibility criteria introduced on 30 November 2016 with DROs becoming available to people with up to £20,000 debt (up from £15,000) and £1,000 assets (up from £300).

Though the graph highlights changes, it should be noted that the volatility in the data is because the numbers of insolvencies are low, so any small changes will result in large percentage changes.