

# Insolvency Statistics – July to September 2018 (Q3 2018)

## Coverage

England and Wales  
Scotland  
Northern Ireland

## Release date

30 October 2018

## Frequency of release

Quarterly

## Next update

29 January 2018

## Media enquiries

Michael Gibbs  
020 7637 6304  
Ade Daramy  
020 7596 6187

## Author

Michael McDaid  
[statistics@insolvency.gsi.gov.uk](mailto:statistics@insolvency.gsi.gov.uk)  
01273 224113

## Responsible Statistician

John Perrett

## Website

<https://www.gov.uk/government/collections/insolvency-service-official-statistics>

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 for England and Wales

### Companies

- **The underlying number of insolvencies increased in Q3 2018, both on the previous quarter and on the same quarter in 2017.**
- **This was driven by a rise in underlying creditors' voluntary liquidations which increased to their highest level since Q1 2012.**

### People

- **Total individual insolvencies fell in Q3 2018 from a six-year high in Q2 2018.**
- **This was driven by a decrease in individual voluntary arrangements, and was partially offset by increases in bankruptcies and debt relief orders.**

## Proposed changes to the Quarterly Insolvency Statistics release

We endeavour to provide the most relevant statistical information to meet our user's needs. As such we are proposing to split the publication into two distinct products: quarterly statistics for individual insolvency and quarterly statistics for company insolvency. The aim is to target the release to the specific needs of the user and include more quality analysis in each section. The new publications aim to be more concise, focusing on recent trends and changes in insolvencies, and including methodology separately for expert users.

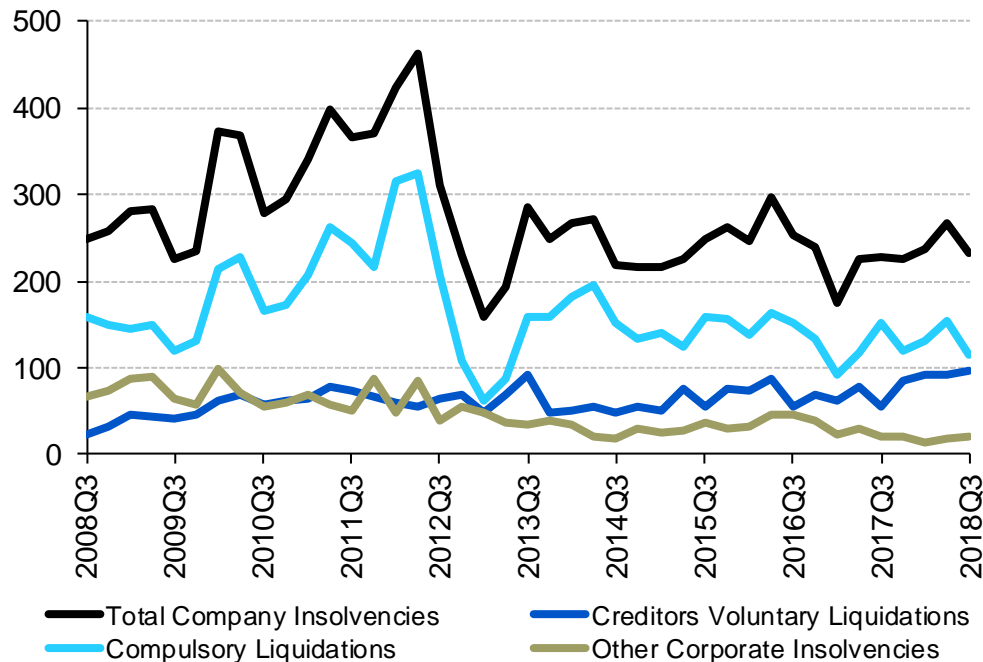
If you have any views or comments regarding this proposed change, please complete our online survey at <https://www.surveymonkey.co.uk/r/YQPQ2N2>

## 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.

#### Explanation of key terms

See section 2 (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.

In Q3 2018, there were 232 total company insolvencies, an increase of 1.3% compared to Q3 2017. Of these, 212 were company liquidations, which was a 1.9% increase on the same quarter of 2017.

In Q3 2018, there were 116 compulsory liquidations, a 23.7% decrease since Q3 2017.

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.

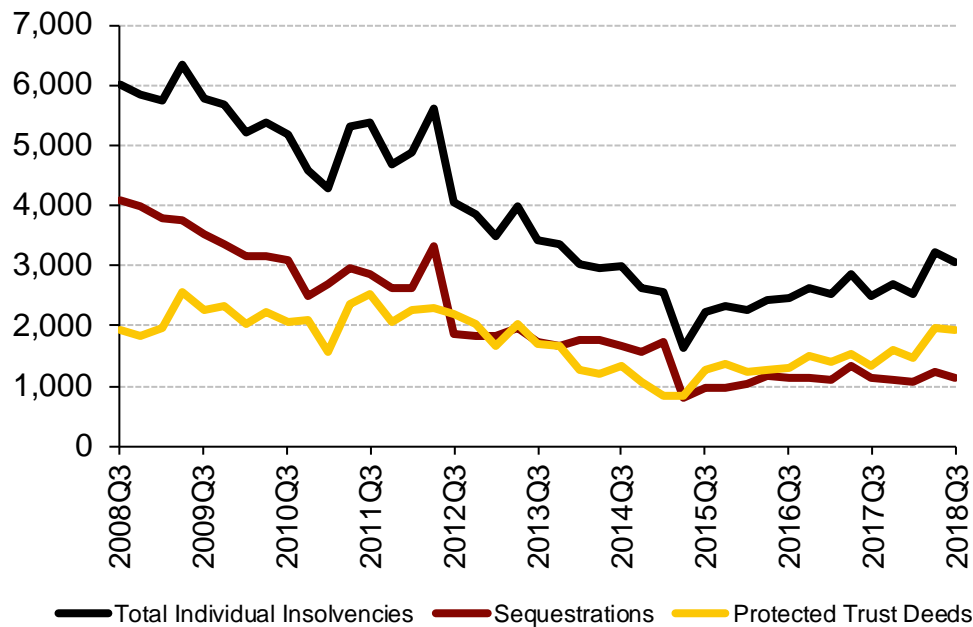
There were 96 CVLs in Q3 2018. The number of CVLs has been increasing as both an absolute number and proportion of all company liquidations in Scotland.

There were 17 administrations in Q3 2018, three company voluntary arrangement and no receivership appointments during this period.

## 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 Q3 2018, there were 3,067 individual insolvencies in Scotland, which was 23.0% higher than in Q3 2017.

There were 1,150 sequestrations in Q3 2018, an increase of 0.3% compared to Q3 2017. Of these, 551 people went into sequestration via the Minimal Asset Process route.

In Q3 2018, there were 1,917 Protected Trust Deeds (PTDs), an increase of 42.3% compared with Q3 2017.

## 6 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, while figures for individual insolvencies in Scotland are sourced from the Office of the Accountant in Bankruptcy (AiB). The Northern Ireland statistics are derived from administrative records of the Department for the Economy's Insolvency Service and from Companies House. The adult (18+) population data for England and Wales (used in the calculation of individual insolvency rates) are created using annual mid-year population estimates and projections by single year of age sourced from the [Office for National Statistics](#)

#### Methodology

The statistics are produced via tabulation of raw data collected from the various sources. More information is available in a separate [methodology](#) document.

The methods used to produce breakdowns by industry are described in more detail in the accompanying Excel file.

Seasonal adjustment is performed on certain data series. The X13-ARIMA-SEATS program (developed by the US Census Bureau) is used for the seasonal adjustment of the *Insolvency Statistics*, this being the recommended program within UK National Statistics. Seasonal adjustment models are reviewed annually: the most recent review was completed in April 2017 with the outcome published on the [policy and procedures](#) section of the Insolvency Service website.

#### Revisions

These statistics are subject to scheduled revisions, as set out in the published [revisions policy](#). 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. Such revisions tend to be small in the context of overall totals; nonetheless all figures in this release that have been revised since the previous edition have been highlighted in the relevant tables.

A new method for producing statistics on company insolvencies was introduced in April 2018. A revised historical time series using the new method was provided back to 2000Q1 for England and Wales, and for Scotland. For Northern Ireland, the data required were only available back to 2009Q4. However, it should also be noted that because the statistics for 2000 to 2015 were sourced from a live database, which includes subsequent corrections, they may not exactly reflect the original numbers of new cases that would have been reported at the time.

## Quality

This section provides information on the quality of the *Insolvency 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)*

The *Insolvency Statistics* are the most comprehensive record of the number of corporate and individual insolvencies in England and Wales. They include all formal types of insolvency procedure currently available. Insolvencies in Scotland and Northern Ireland are also included, but are shown separately as they are covered by separate legislation. There are some differences in definition, and policy responsibility for them lies within the devolved administrations. The Statistics Release itself covers the most recent 10 years of annual and quarterly figures; while historic data series are also available (back to 1960 in some cases), as are related sets of Official Statistics on insolvency.

Key users of the *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. The headline quarterly statistics are 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 at the end of these Notes). 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, a partnership or an individual are required by law to be reported to the appropriate body, so the statistics should be a complete record of insolvency in the United Kingdom.

Generally speaking, numbers of cases are based on the date it was registered on the administrative recording system, not on the date of the order or agreement of the insolvency procedure. The implication of this is that the published figures will not be influenced by, for example, the late reporting of orders made leading to missing data. The exceptions for England and Wales are: compulsory liquidations and bankruptcy orders after Q2 2011; and debt relief orders. This should be noted when making comparisons of trends over time. 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.

### **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 individual insolvency statistics by location, age and gender, and outcome statistics for individual voluntary arrangements, both as Official Statistics. These report figures on an annual basis, and they differ from the headline quarterly *Insolvency Statistics* in that there are some differences in the case selection criteria and/or the database from which they are sourced; this means that the totals are not identical between different outputs.

[Companies House](#) produces quarterly official statistics on company insolvencies registered. These are not consistent with the *Insolvency Statistics*, because of differences in counting rules.

The [Accountant in Bankruptcy](#) (AiB) is required to be notified of all company liquidations and receiverships in Scotland, and publishes quarterly official statistics based on its own administrative records. These differ

from the *Insolvency Statistics*, which use data from Companies House as the source. Differences are due to the Accountant in Bankruptcy 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*.

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.*)

The *Insolvency Statistics* are usually published on the 29th of the month following the end of the quarter being reported on; this is the earliest publication date which ensures receipt of all the data inputs, and allows sufficient time for liaising with data suppliers and completing all the steps between this and compilation of the statistical release in its final form ready for publication. The exception to this is where the 29th falls on a weekend or a Monday, when the statistics will be delayed until the following Tuesday, or brought forward to an earlier date if possible.

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*)

The *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](#).

Company insolvency statistics after 2000 Q1 (England and Wales, and Scotland) and 2009 Q4 (Northern Ireland) are not directly comparable with earlier periods because of a change to methods.

## National Statistics

The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

Designation can be broadly interpreted to mean that the statistics:

- meet identified user needs;
- are well explained and readily accessible;
- are produced according to sound methods, and
- are managed impartially and objectively in the public interest.

Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed.



© Crown copyright 2018

You may re-use this document/publication (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence v3.0. To view this licence visit <http://www.nationalarchives.gov.uk/doc/open-government-licence>; or write to the Information Policy Team, The National Archives, Kew, Richmond, Surrey, TW9 3DU; or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

This document/publication is also available on our website at <https://www.gov.uk/government/collections/insolvency-service-official-statistics>.

Any enquiries regarding this document/publication should be sent to us at [statistics@insolvency.gsi.gov.uk](mailto:statistics@insolvency.gsi.gov.uk).