



## Insolvency Statistics – April to June 2016 (Q2 2016)

### Coverage

England and Wales  
Scotland  
Northern Ireland

### Release date

28 July 2016

### Frequency of release

Quarterly

### Next update

28 October 2016

### Media enquiries

Michael Gibbs  
+44 (0)20 7637 6304  
Ade Daramy  
+44 (0)20 7596 6187

### Responsible Statistician

John Perrett  
[statistics@insolvency.gsi.gov.uk](mailto:statistics@insolvency.gsi.gov.uk)  
020 7291 6858

### 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

### Companies

- **Total company insolvencies were lower than the previous quarter and also decreased on the year.**
- **This decrease was mainly driven by a decrease in compulsory liquidations. Other types of insolvency remained fairly stable.**

### People

- **Total individual insolvencies increased for the fourth consecutive quarter, driven primarily by an increase in individual voluntary arrangements.**
- **Debt relief orders also increased, because of a change to the eligibility criteria.**
- **The effect of the change from court-based to online bankruptcy applications is not yet clear from the statistics.**

### Revisions to statistics on company insolvencies by industry

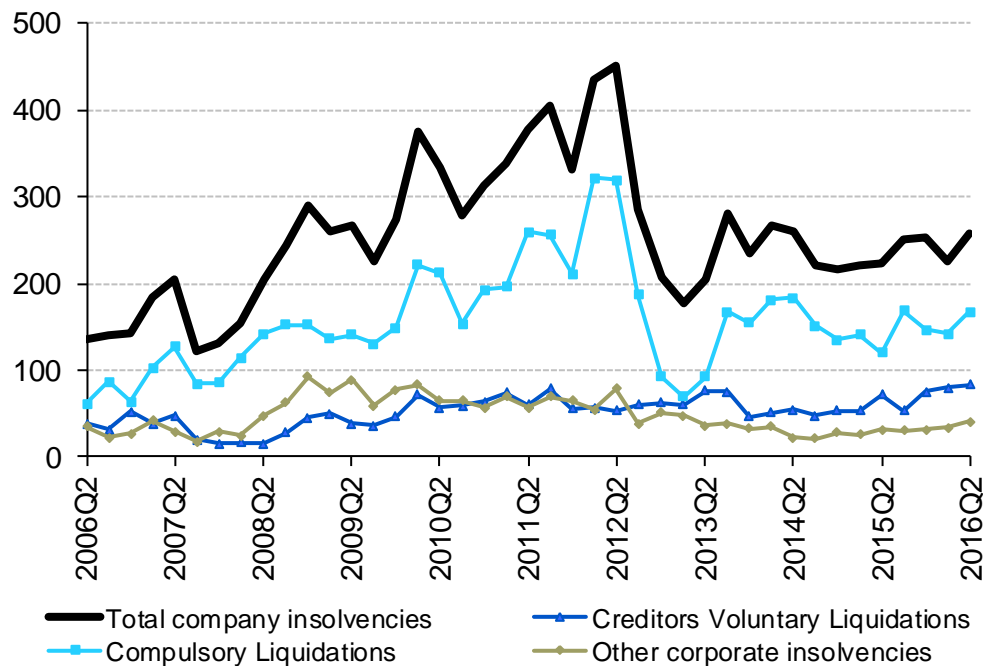
In this edition, the statistics have been revised due to a data processing error that has now been corrected. The revisions affect all types of company insolvency, and mainly affects industry breakdowns up to and including 2012 Q4. Totals are not affected: the effect of the revisions has been to move cases from one industry classification to another. Further information can be found in section 2.3, and a table of revisions can be downloaded from the website via the link above.

## 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 Q2 2016, there were an estimated 258 total company insolvencies, an increase of 15.7% compared to Q2 2015. Of these, 167 were company liquidations – a 39.2% increase on the same quarter of 2015. Liquidations were fairly stable until 2009, followed by a generally increasing trend until a period of rapid decrease between Q2 2012 and Q1 2013.

The total number of company liquidations in Scotland is driven by the number of compulsory cases. 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 83 CVLs. The number of CVLs has remained largely stable, with between 50 and 100 cases in each quarter since 2010.

There were an estimated 41 other company insolvency procedures in the first quarter of 2016, 33 of which were administrations, six were company voluntary arrangements and two were receivership appointments.

#### Explanation of key terms

See section 2 (company insolvency in England and Wales) for further information.

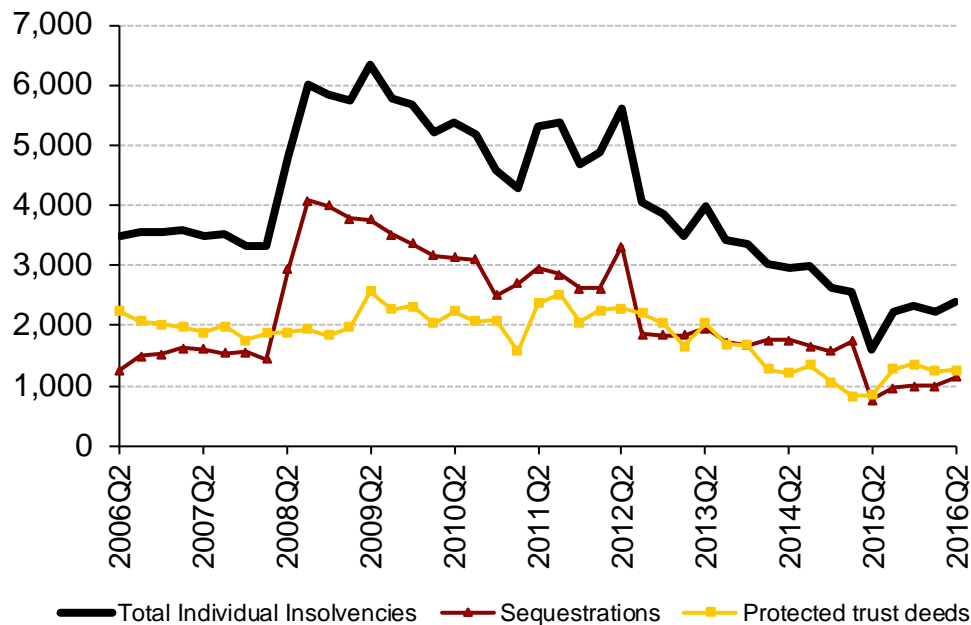
The Excel file which accompanies this release additionally contains statistics on the number of administrations, receiverships and CVAs in Scotland.

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.

## 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 Q2 2016, there were 2,405 individual insolvencies in Scotland, 49.8% higher than the same quarter in 2015.

There were 1,144 sequestrations in Q2 2016, an increase of 51.1% compared to Q2 2015. Of these, 487 people went into sequestration via the Minimal Asset Process route.

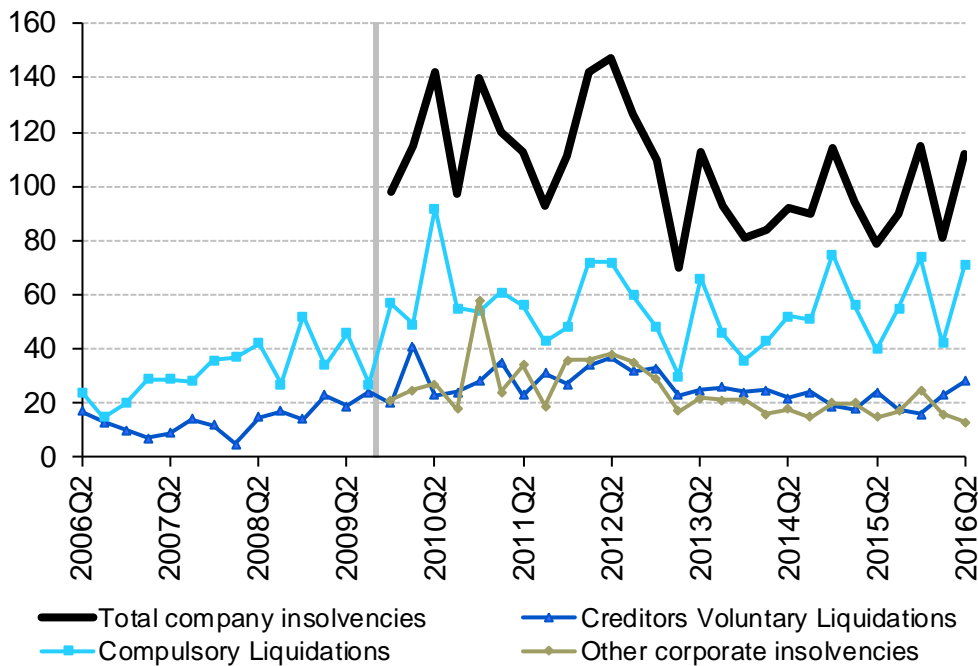
In Q2 2016, there were 1,261 PTDs, an increase of 48.5% compared with Q2 2015. Recent changes to insolvency legislation have aligned the minimum periods that individuals are required to contribute to their insolvency estate to four years for both sequestrations and PTDs; prior to this, individuals entering 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 2 (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.

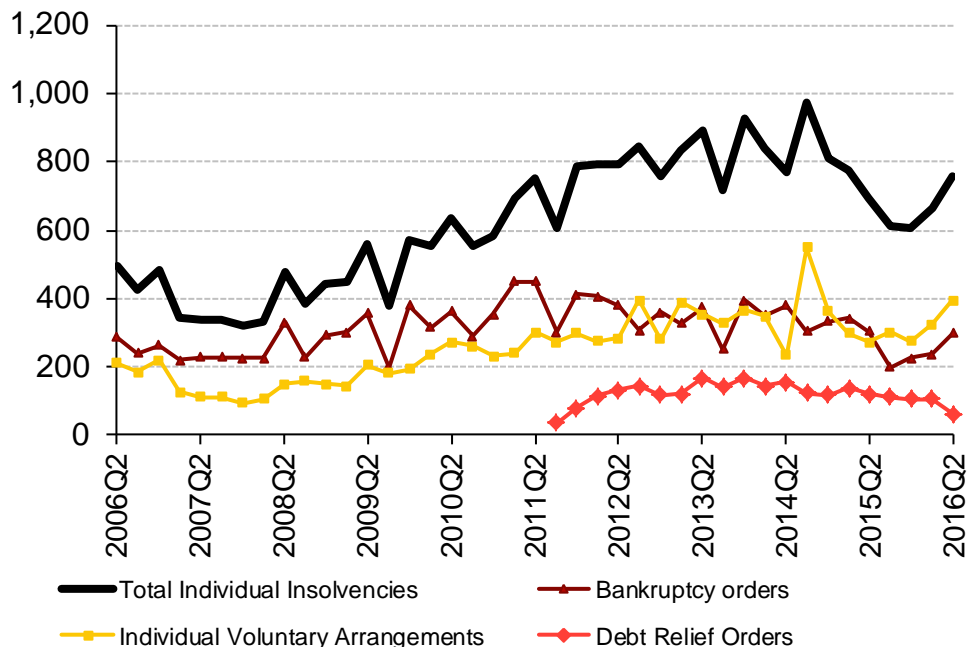
There were an estimated 112 company insolvencies in Northern Ireland in Q2 2016, 41.8% more than the same quarter in 2015. Of these, 71 were compulsory liquidations (up 77.5% on the same quarter last year), and an estimated 28 were creditors' voluntary liquidations (CVLs, up 16.7%).

There were an estimated nine administrations, two company voluntary arrangements and two administrative receiverships in Q2 2016.

## 6.2 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 £15,000 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 755 individual insolvencies in Northern Ireland in Q2 2016, 8.5% more than the same quarter in 2015.

In Q2 2016 there were 299 bankruptcies, down 1.6% on the same quarter last year. There were 395 IVAs, an increase of 44.7% on the same quarter last year. There were 61 DROs, down 48.7% on the same quarter last year.

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.