The Insolvency Service

Monthly Insolvency Statistics, November 2020

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This statistical bulletin and supplementary tables (presented as both Microsoft Excel and Open Data Source files) can be found at:
https://www.gov.uk/government/collections/monthly-insolvency-statistics

1. Things you need to know about this release

This monthly series supplements the Insolvency Service's quarterly company and individual insolvency National Statistics to provide more up to date information, as the coronavirus (COVID 19) pandemic continues, on the numbers of companies and individuals who are unable to pay debts and enter a formal insolvency procedure.

These statistics present monthly numbers of individual and company insolvencies in England and Wales and Northern Ireland. For Scotland, only monthly company insolvency statistics are presented; monthly individual insolvency statistics for Scotland can be found on the Accountant in Bankruptcy (AIB) website.

All figures presented within this release are provisional and subject to review. Further detail can be found in the accompanying Monthly Statistics Methodology and Quality document. Historical data presented within this statistical release may not be consistent with the previously published quarterly company and individual insolvency National Statistics.

On 26 June 2020, the Corporate Insolvency and Governance Act 2020 came into force and introduced measures to relieve the burden on businesses during the coronavirus pandemic. These measures include a new moratorium to give companies breathing space from their creditors while they seek a rescue, and a new Companies Act procedure, known as a restructuring plan that allows companies to restructure unmanageable debt. These statistics provide the number of companies that have obtained a moratorium or have had a restructuring plan following the introduction of these measures.

These statistics are designated as 'Experimental Statistics'

These statistics are marked 'experimental' since the process of compiling insolvency data in monthly format is new to the statistics team at the Insolvency Service and is subject to review. Additionally, the content of these statistics will continue to be reviewed to ensure that they continue to meet user need at this time of economic uncertainty.

As defined in the Code of Practice for Official Statistics, 'experimental statistics' are undergoing evaluation and are published to involve users and stakeholders in their development. The statistical production team welcomes feedback from users of these statistics. If you would like to provide feedback, then please email us at statistics@insolvency.gov.uk.

Interpretation of these statistics

Please note that some caution needs to be applied when interpreting these statistics. Notably:

- The emergence of the coronavirus pandemic may have had at least some effect on the timeliness of insolvency registration, particularly since the UK lockdown applied by government on 23 March 2020 resulting, in the short term, in insolvency practitioners, intermediaries, Companies House and courts not being able to process insolvencies in the usual manner.
- The underlying monthly data have not been seasonally adjusted and therefore comparisons over time may not be valid.
- Due to the volatility of the underlying data on registered individual voluntary arrangements (IVAs), three-month rolling averages have also been presented to smooth out the data. However, neither counts or three-month rolling-averages are reliable enough to constitute short-term IVA trends.

2. Main Messages for England and Wales

Overall numbers of company and individual insolvencies remained low in November 2020, when compared with the same month in the previous year. This was likely to be at least partly driven by government measures put in place in response to the coronavirus (COVID 19) pandemic, including:

- Reduced operational running of the courts and reduced HMRC enforcement activity since UK lockdown was applied on the evening of 23 March;
- Temporary restrictions on the use of statutory demands and certain winding-up petitions (leading to company compulsory liquidations) from 27 April. These restrictions have been extended to 31 December 2020.
- Enhanced government financial support for companies and individuals.

As the Insolvency Service does not record whether an insolvency is directly related to the coronavirus pandemic, it is not possible to state its direct effect on insolvency volumes.

3. Company and Individual Insolvencies in England and Wales

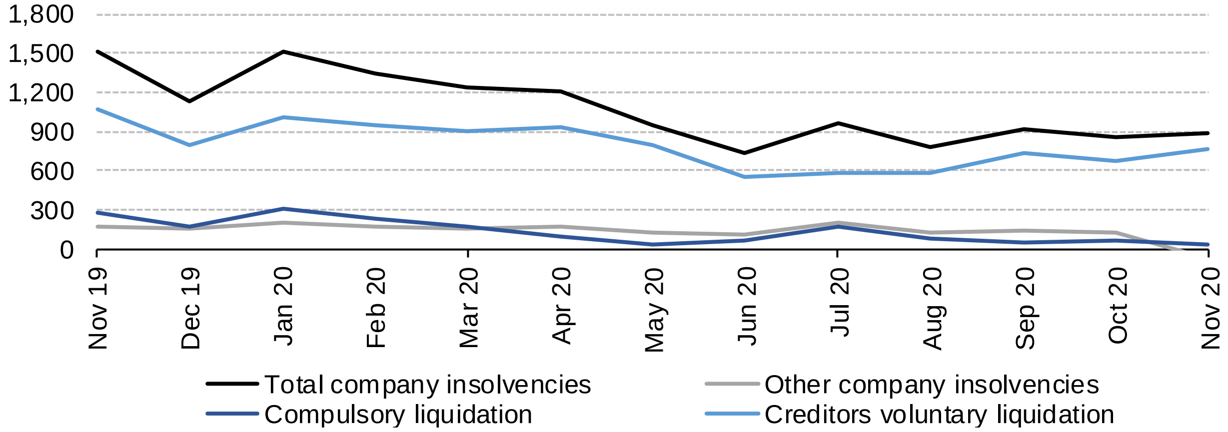
Company Insolvencies

In November 2020 there was a total of 889 company insolvencies in England and Wales, comprised of 767 creditors' voluntary liquidations (CVLs), 34 compulsory liquidations, 73 administrations and 15 company voluntary arrangements (CVAs). There were no receivership appointments.

The overall number of company insolvencies decreased by 41% in November 2020, when compared to the same month last year. This was primarily driven by a decrease in the numbers of CVLs and compulsory liquidations which fell by 28% and 88% respectively. The number of companies entering administration in November 2020 also fell when compared to the same month last year by 51%. CVAs fell by 29% in November 2020 in comparison to the same period last year.

Figure 1: Company insolvencies in November 2020 fell by 41% compared with November 2019 numbers

England and Wales, November 2019 to November 2020, Not seasonally adjusted[p,1]



Sources: Insolvency Service (compulsory liquidations only); Companies House (all other insolvency types)

[p] Figures are provisional.

[1] Chart shows historical trend covering the past 13 months. Monthly numbers back to January 2019 can be found in the accompanying tables.

The overall reduction in company insolvencies was likely to be in part driven by the range of government support put in place to financially support to companies in response to the coronavirus (COVID 19) pandemic[1]. The government also announced in late April that it would temporarily prohibit the use of statutory demands and certain winding-up petitions from 27 April to 30 June 2020 under the Corporate Insolvency and Governance Act 2020. This was later extended to 30 September, and again further extended to 31 December 2020[2].

Between the 26 June and 30 November 2020, four companies obtained a moratorium and two companies had a restructuring plan sanctioned by the court. These two new procedures were created by the Corporate Insolvency and Governance Act 2020. The low number of cases of each of these new legislative tools since the Act came into force is likely to be as a result of the range of Government support provided to companies as mentioned above, including the range of temporary measures that have recently been extended for a further period.

[1] Government support Financial support for businesses during coronavirus (COVID-19): https://www.gov.uk/government/collections/financial-support-for-businesses-during-coronavirus-covid-19

[2] The Corporate Insolvency and Governance Act 2020 (Coronavirus) (Extension of the Relevant Period) Regulations 2020: https://www.legislation.gov.uk/uksi/2020/1031/contents/made

Underlying monthly company insolvency data for England and Wales can be found in the accompanying tables.
Further breakdowns of company insolvencies by Standard Industrial Classification (SIC 2007) are also presented to three-digit level.

Individual Insolvencies

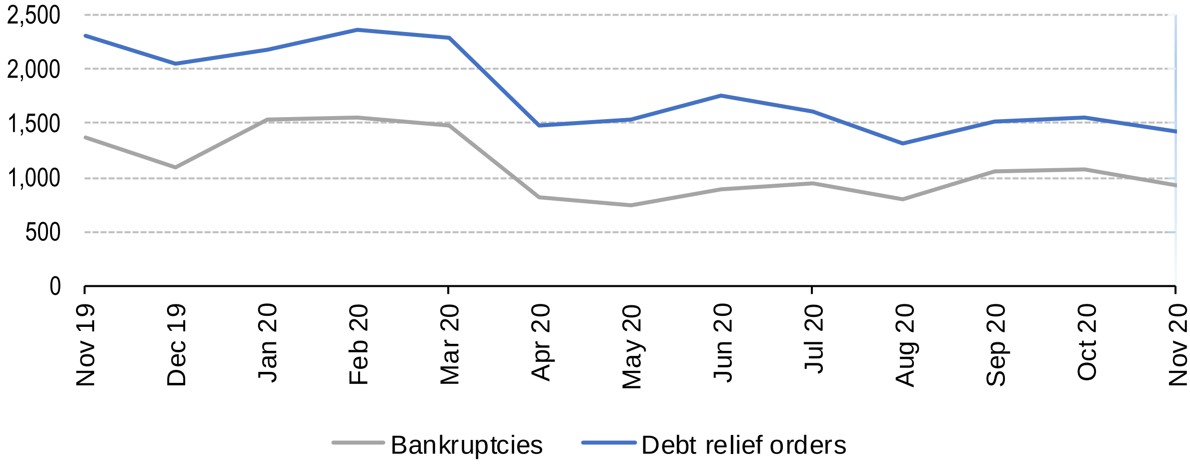
Note that in this statistical release numbers of debt relief orders (DROs) and bankruptcies are presented separately to numbers of individual voluntary arrangements (IVAs), as IVA numbers have been calculated using different methodology. Further details are provided in the IVA results section below.

Debt relief orders and bankruptcies

There were 1,425 DROs and 927 bankruptcies in November 2020 in England and Wales (the latter were made up of 836 debtor applications and 91 creditor petitions).

There was a 38% reduction in DROs and a 32% reduction in bankruptcies in November 2020, compared with the same month last year. The reduction in bankruptcies was driven by a 26% fall in debtor applications and a 60% reduction in creditor petitions.

Figure 2: Both DROs and Bankruptcies fell by around one third in November 2020 compared with November 2019 numbers
England and Wales, November 2019 to November 2020, Not seasonally adjusted[p,1]



Source: Insolvency Service
[p] Figures are provisional.
[1] Chart shows historical trend covering the past 13 months. Monthly numbers back to January 2019 can be found in the accompanying tables.

The fall in DROs and debtor applications corresponds with a reduction in applications for these services, which coincided with the announcement of enhanced government financial support for individuals and businesses since the emergence of the coronavirus pandemic.

The fall in creditor petitions will likely have been a result of reduced HMRC enforcement activity during this period[3] and in part, a result of reduced operational running of the courts during this time. Underlying monthly data on DROs and bankruptcies in England and Wales can be found in the accompanying tables, including bankruptcies by employment status. Bankruptcies amongst the self-

[3] Dear Insolvency Practitioner, Issue 95 - https://content.govdelivery.com/attachments/UKIS/2020/04/03/file_attachments/1418579/Dear%20IP%20Issue%2095%20April%202020.pdf.

employed are also presented to the two-digit Standard Industrial Classification (SIC 2007). Due to small numbers it was not feasible to present this information to three-digit level.

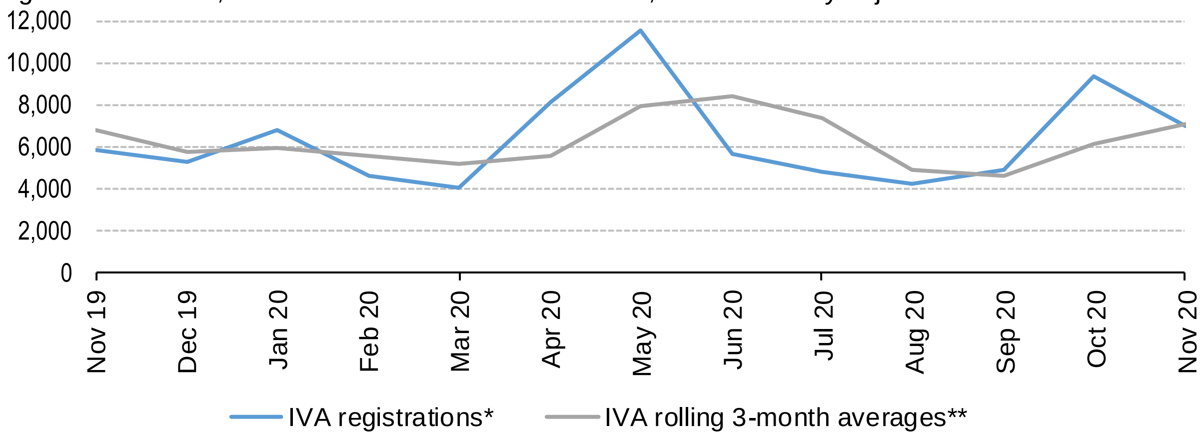
Individual voluntary arrangements

IVAs are supervised by licensed insolvency practitioners working for firms that specialise in this area and changes in volumes may be due in part due to changes in how these firms operate. IVAs are counted within these 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. Therefore, changes in trends are partly a result of this effect, especially where registrations straddle a month end. This can also lead to volatility in the data from one month to the next and create difficulty in constituting reliable short-term trends. Therefore, it is particularly important to consider longer term trends when making assessments of individual voluntary arrangements

Three-month rolling averages are presented to smooth the data and indicate what the overall trend of IVA registrations *might* look like if the underlying data were less volatile[4]. For transparency, both counts and three-month rolling averages are presented in Figure 3 and in the accompanying tables. Whilst 3-month rolling averages are used to consider potential changes in IVA trends over time, both sets of numbers should be used with caution.

There were, on average, 7,057 IVAs registered in each of the 3 months ending November 2020, 3% higher than the rolling 3-month average observed in the same period ending November 2019.

Figure 3: The average number of IVAs registered in each of the last three months ending November 2020 was slightly higher than the same three-month period last year
England and Wales, November 2019 to November 2020, Not seasonally adjusted[p,1,2]



Source: Insolvency Service
[p] Figures are provisional.
[1] Chart shows historical trend covering the past 13 months. Monthly numbers back to January 2019 can be found in the accompanying tables.
[2] One IVA provider experienced technical issues between December 2019 and March 2020 which resulted in IVAs not being registered with the Insolvency Service on a timely basis. A back-log of IVAs were later registered in May 2020, resulting in an artificial 'peak' in that month.
* The count of IVAs registered with the Insolvency Service each month.
** The mean average number of registered IVAs in the three months ending in the reference period. For example, the three-month rolling average estimate for November 2020 is the calculated mean average of the total IVA registrations during September, October and November 2020.

[4] Further information on the volatility of the IVA data, and the calculation of three-month rolling averages can be found in the accompanying Monthly Statistics Methodology and Quality document.

4. Company Insolvencies in Scotland

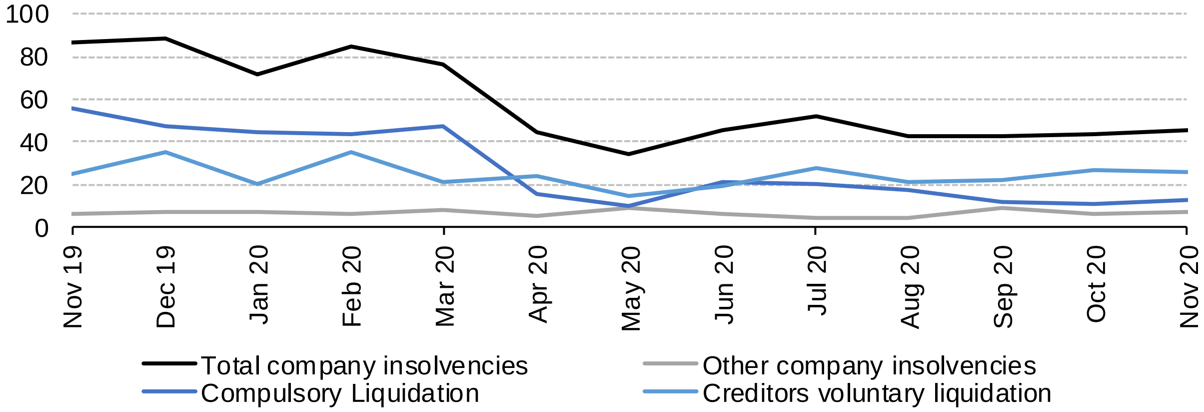
Legislation relating to company insolvency in Scotland is partly devolved. Accountant in Bankruptcy (AIB), Scotland's Insolvency Service, administers company liquidations and receiverships in Scotland.

In November 2020 there were 46 company insolvencies in Scotland, a reduction of 47% in comparison to November 2019. This comprised of 13 compulsory liquidations, 26 CVLs and 7 administrations. There were no company voluntary arrangements or receivership appointments.

Historically the volume of company insolvencies in Scotland have been driven by compulsory liquidations. However, since April 2020 the numbers of CVLs have been higher than compulsory liquidations in seven out of eight subsequent months including the most recent month.

Figure 4: Company insolvencies in November 2020 fell by almost half compared with November 2019 numbers

Scotland, November 2019 to November 2020, Not seasonally adjusted[p,1]



Source: Companies House

[p] Figures are provisional

[1] Chart shows historical trend covering the past 13 months. Monthly numbers back to January 2019 can be found in the accompanying tables.

Underlying monthly company insolvency data for Scotland can be found in the accompanying tables. Further breakdowns of company insolvencies by Standard Industrial Classification (SIC 2007) are also presented to two-digit level. Due to small numbers it was not feasible to present this information to three-digit level.

Note that this statistical bulletin does not present monthly individual insolvency statistics for Scotland. This information can be found on the AIB website.

5. Company and Individual Insolvencies in Northern Ireland

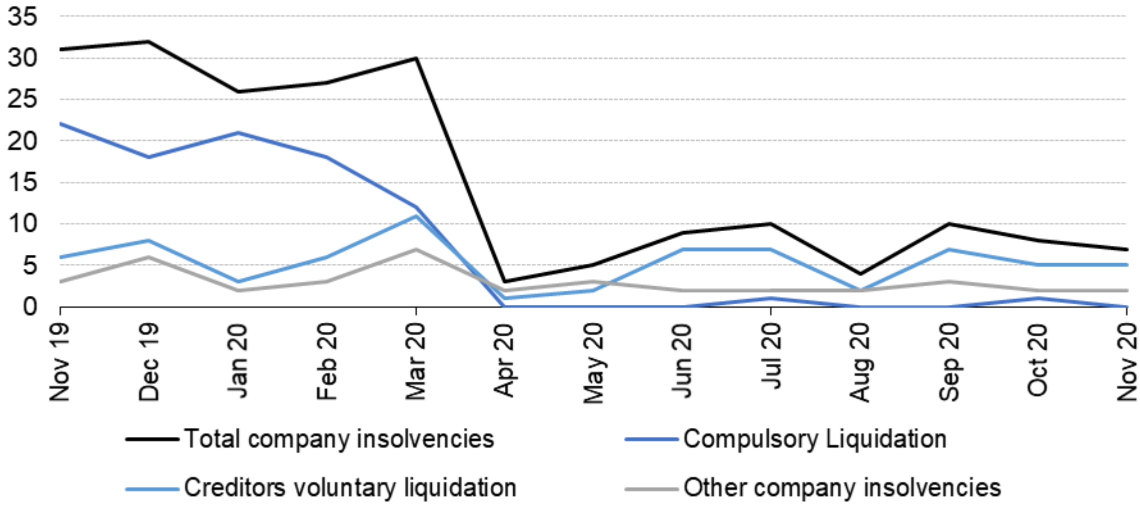
Company and Individual insolvency in Northern Ireland is governed by separate, but broadly similar, legislation to England and Wales. Figures are presented separately.

Company Insolvencies

In November 2020 there were 7 company insolvencies in Northern Ireland, down 77% from November 2019; this consisted of five CVLs, one administration and one CVA. There were no compulsory liquidations or receivership appointments.

Figure 5: Company insolvencies in November 2020 fell by three quarters compared with November 2019 numbers

Northern Ireland, November 2019 to November 2020, Not seasonally adjusted[p,1]



Sources: Companies House and Department for the Economy

[p] Figures are provisional

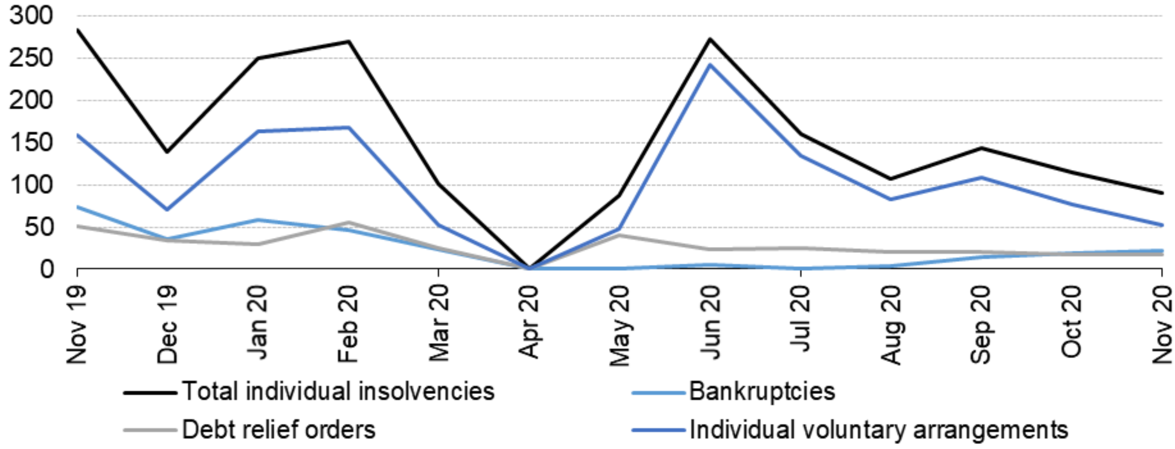
[1] Chart shows historical trend covering the past 13 months. Monthly numbers back to January 2019 can be found in the accompanying tables.

Individual Insolvencies

In November 2020 there were 91 individual insolvencies in Northern Ireland, down 68% from November 2019; this consisted of 52 IVAs, 17 DROs and 22 bankruptcies.

Figure 6: Individual insolvencies in November 2020 fell by two-thirds compared with November 2019 numbers

Northern Ireland, November 2019 to November 2020, Not seasonally adjusted[p,1]



Source: Department for the Economy

[p] Figures are provisional

[1] Chart shows historical trend covering the past 13 months. Monthly numbers back to January 2019 can be found in the accompanying tables.

Underlying monthly company and individual data for Northern Ireland can be found in the accompanying tables.

6. Data and Methodology

Data Sources

England and Wales: Individual Insolvency data sourced from the Insolvency Service case information system (ISCIS). Company insolvency data sourced from Companies House except for compulsory liquidation data (sourced from the ISCIS).

Scotland: Company insolvency data sourced from Companies House, except for compulsory liquidation data (sourced from the ISCIS).

Northern Ireland: Individual Insolvency data sourced from the Department for the Economy. Company insolvency data sourced from Companies House, except for compulsory liquidation data (sourced from the Department for the Economy).

Moratorium and Restructuring Plan data are sourced from Companies House.

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

Coverage

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 only. Individual insolvencies in Scotland can be found on the Accountant in Bankruptcy (AIB) website. Insolvency statistics are for Scotland and Northern Ireland are presented separately to statistics for England and Wales, since they are covered by separate legislation and policy responsibility lies with the devolved administration.

Methodology and data quality

Detailed methodology and quality information for the monthly insolvency statistical releases can be found in the accompanying Monthly Statistics Methodology and Quality document.

The main quality and coverage issues to note that affect all monthly insolvency statistics:

1. There is known seasonality in the underlying data for most insolvency types. Any seasonality is normally adjusted before compiling insolvency statistics. However, these monthly data have not been seasonally adjusted so comparisons between one month and the next may not be valid.
2. Data for the latest month were extracted five working days after month end. Since the administration systems are live systems there is an increased likelihood that figures will be revised in the future. Therefore, all figures in this release are provisional.
3. The sum of these monthly statistics may not equal previously published quarterly statistics, due to differing methodologies. In addition, the administrative systems used to capture data are live systems and are subject to amendments.
4. These statistics may not align with information published separately by Companies House, or with data extracted from the Gazette. Further information on why numbers may not align can be found in the accompanying Monthly Statistics Methodology and Quality document.

Data quality issues affecting underlying data on individual voluntary arrangements

Individual voluntary arrangements (IVAs) are counted within these statistics once they are registered with the Insolvency Service, and they are reported by month of registration date. 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 working for firms that specialise in this area, and changes in trends are often partly a result of how promptly and frequently providers register IVAs with the Insolvency Service.

A recent review of the underlying IVA data has indicated that the time lag between creditor agreement and IVA registration has increased in recent months. Therefore, these monthly statistics are considerably more volatile than the quarterly data published within the Quarterly Individual Insolvencies series, and comparisons of monthly numbers are unreliable.

In order to continue to provide timely, yet less volatile, information on IVAs, three-month rolling averages were calculated to smooth out the underlying data and present the overall direction of monthly trends. However, these statistics should still be interpreted with caution. See Methodology section of the accompanying Monthly Statistics Methodology and Quality document for further detail.

Aggregate counts of moratoriums and restructuring plans were compiled for the whole period covering 26 June to 30 September 2020.

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. Data for the most recent month were extracted approximately five working days after month end so there is an increased likelihood that published statistics may be revised in the future. Any future revisions will be marked with an 'r' in the relevant table.

7. Glossary

Key Terms used within this statistical bulletin

Administration	The objective of administration is the rescue of the company as a going concern, or if this is not possible then to obtain a better result for creditors than would be likely if the company were to be wound up. A licensed insolvency practitioner, 'the administrator', is appointed to manage a company's affairs, business and property for the benefit of the creditors.
Bankruptcy	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. Bankruptcies result from either **Debtor application** – where the individual is unable to pay their debts, and applies online to make themselves bankrupt, or **Creditor petition** – if a creditor is owed £5,000 or more, they can apply to the court to make an individual bankrupt. These statistics relate to petitions where a court order was made as a result, although not all petitions to court result in a bankruptcy order.
Company voluntary arrangement (CVA)	CVAs are another mechanism for business rescue. They are 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 creditors. CVAs are supervised by licensed insolvency practitioners.
Compulsory liquidation	A winding-up order obtained from the court by a creditor, shareholder or director. See **Liquidation** for details on the process.
Creditors' voluntary liquidation (CVL)	Shareholders of a company can themselves pass a resolution that the company be wound up voluntarily. See **Liquidation** for details on the process. Administrations which result in a Creditors' Voluntary Liquidation are recorded separately by Companies House and are excluded from CVL figures as they do not represent a new company entering into an insolvency procedure for the first time. These cases are only ever recorded as Administrations.
Debt Relief Order (DRO)	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.
Deed of Arrangement	An alternative way for a debtor to deal with their affairs than entering into **bankruptcy** or an **individual voluntary arrangement**. Deeds of arrangement require the approval of a simple majority of creditors in number and value, and do not require a nominee, report to court or a meeting of creditors to be held.
Individual Voluntary Arrangement (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.
Liquidation	Liquidation is a legal process in which a liquidator is appointed to 'wind up' the affairs of a limited company. The purpose of liquidation is to sell the company's assets and distribute the proceeds to its creditors. At the end of the process, the company is dissolved – it ceases to exist. Statistics on **compulsory liquidations** and **creditors' voluntary liquidations** are presented in these statistics. A third type of winding up, members' voluntary liquidation is not included because it does not involve insolvency.

Moratorium	Moratoriums were introduced under the Corporate Insolvency and Governance Act 2020 to give struggling businesses formal breathing space in which to explore rescue and restructuring options, free from creditor or other legal action. Except in certain circumstances, no insolvency proceedings can be instigated against the company during the moratorium period. It also prevents legal action being taken against a company without permission from the court.
Partnership Winding-up Order	This is similar to the **liquidation** of a company. When the partners have decided that the partnership has no viable future or purpose then a decision may be made to cease trading and wind up the partnership. There are two basic ways that the partnership can be wound up: the creditors petition and a partner's petition.
Protected trust deed	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.
Receivership Appointment	Administrative receivership is where a creditor with a floating charge (often a bank) appoints a licensed insolvency practitioner to recover the money it is owed. Before 2000, receivership appointments also included other, non-insolvency, procedures, for example under the Law of Property Act 1925.
Restructuring Plan	New restructuring measures were introduced under the Corporate Insolvency and Governance Act 2020 to support viable companies struggling with unmanageable debt obligations to restructure under a new procedure. They allow the court to sanction a plan that binds creditors to a restructuring plan if it is fair and equitable. Creditors vote on the plan, but the court can impose it on dissenting classes of creditors ('cram down') provided that the necessary conditions are met.
Sequestration	Fulfils much the same role in Scotland as bankruptcy in England and Wales.
Standard Industrial Classification (SIC 2007)	Used in classifying business establishments and other statistical units by the type of economic activity in which they are engaged. Further information can be found on the ONS website: https://www.ons.gov.uk/methodology/classificationsandstandards/ukstandardindustrialclassificationofeconomicactivities/uksic2007

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.gov.uk.