

Consultation on Insolvency Statistics

- Quarterly insolvency statistics release (National Statistics)
- All other Official Statistics on insolvency

A National Statistics Consultation

July 2010

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Introduction

1. The quarterly Insolvency statistical release (also referred to hereafter as “Insolvency Statistics”) is a National Statistics¹ publication produced by the Insolvency Service (InsS), an Executive Agency of the Department for Business, Innovation and Skills (BIS).

2. The publication mainly consists of trends in numbers of corporate and personal insolvency procedures. It also includes breakdowns of these procedures and other related statistics. The primary focus of the Insolvency Statistics is England and Wales, in line with the policy remit of InsS. A smaller set of statistics is included for both Scotland and Northern Ireland. All statistics are sourced from management information maintained by the InsS, Companies House or within the devolved administrations.

3. The primary purpose of this consultation is to seek views on the usefulness of the quarterly Insolvency Statistics from the user perspective, including the historic series. However, we are also seeking views on all other Official Statistics published by InsS, as well as more general input from the users of our statistics. In light of current pressures on public spending, it is particularly important to make sure that we are serving the needs of users in a cost-effective way. We are inviting suggestions for what else might be provided, but any proposals for additional statistics would need to be considered against public spending constraints. The document also invites views on whether any of the statistics are not widely used and could therefore be discontinued.

4. Views are welcome from all users, including, but not limited to, user groups and stakeholder bodies, media organisations, academics, business owners, members of the general public, as well as government officials.

5. The responses we receive in connection with this consultation will all receive consideration. The results will be analysed and a formal response to the consultation will be published by December 2010.

6. This consultation does not include any proposals to change government policy or regulation and will have no direct impact on, and no direct cost or burden to, businesses or individuals. As such no Impact Assessment has been included with this consultation document.

7. This consultation is open from 26 July to 18 October 2010.

Margaret Sims
Head of Statistics
Insolvency Service

¹ National Statistics are a subset of Official Statistics which have been nominated by ministers for assessment by the UK Statistics Authority and certified by the UK Statistics Authority as compliant with its Code of Practice for Statistics. For further information see: <http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html>

How to respond

8. When responding please state whether you are responding as an individual or representing the views of an organisation. If the latter, please make it clear who the organisation represents and, where applicable, how the views of members were assembled.

9. Responses to the consultation can be submitted by letter, fax or email to:

Rebekah Paul
Policy Directorate
The Insolvency Service
Zone B, Level 3
21 Bloomsbury Street
London WC1B 3QW

Fax: 020 7291 6746

Email: rebekah.paul@insolvency.gsi.gov.uk

Additional copies

This consultation can be found on the Insolvency Service website at: [Insolvency Service Consultation Register](#)

You may make additional copies without seeking permission.

Confidentiality & Data Protection

10. Information provided in response to this consultation, including personal information, may be subject to publication or release to other parties or to disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004). If you want information, including personal data that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

11. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

Help with queries

12. Questions about statistical issues raised in the document can be addressed in the first instance to:

Rebekah Paul
Policy Directorate
The Insolvency Service
Zone B, Level 3
21 Bloomsbury Street
London WC1B 3QW

Tel: 020 7637 6314

Fax: 020 7291 6746

Email: rebekah.paul@insolvency.gsi.gov.uk

13. If you have comments or complaints about the way this consultation has been conducted, these should be sent to:

Tunde Idowu
Consultation Coordinator
Department for Business, Innovation and Skills
Better Regulation Team
1 Victoria Street
London
SW1H 0ET

E-mail: babatunde.idowu@bis.gsi.gov.uk

Tel: 020 7215 0412

Fax: 020 7215 0235

14. A copy of the Code of Practice on Consultation is available from the link below:
www.bis.gov.uk/files/file47158.pdf

Background to Insolvency Statistics

15. The Insolvency statistical release is a National Statistics publication, produced quarterly by the Insolvency Service (InsS). The latest edition is available here:

<http://www.insolvency.gov.uk/statistics>

16. The Insolvency Statistics contains information on company liquidation (both compulsory and voluntary) and procedures aimed at corporate rescue including Administration and Company Voluntary Arrangements, and gives a broad industry breakdown for each procedure. Series for statutory personal insolvency procedures (namely, bankruptcies, individual voluntary arrangements and debt relief orders, in England and Wales) are also reported and there is additional information included for bankruptcies.

17. There are also historic series for many of the figures that are included in the main release. These can also be found here: www.insolvency.gov.uk/statistics. Additional information about the Insolvency Statistics can be found in the 'Notes to Editors' which accompany each quarterly release.

18. In addition to the quarterly statistical release, InsS also publishes two sets of Official Statistics: a) Personal insolvency statistics in E&W with a regional breakdown to local authority level - which provide annual numbers and rates per 10,000 adult population for bankruptcy orders, individual voluntary arrangements (IVAs) and debt relief orders (DROs) and b) IVA outcome statistics (completions, failures and ongoing cases) for cases registered since 1987. These are available via links here: <http://www.insolvency.gov.uk/statistics>. The regional statistics are also hosted on the ONS's Neighbourhood Statistics website. These Official Statistics are included within the scope of this user consultation.

19. The statistics are sourced entirely from administrative datasets maintained for operational and management purposes or to meet statutory obligations. Limited details of these may be found in the "Statement of Administrative Sources" for the Insolvency Statistics, also published here: <http://www.insolvency.gov.uk/statistics>. While some of these are internal to InsS, others are owned by other government agencies or by departments within the devolved administrations. As statistical producers, we aim to maximise our access to, and influence the development of, these datasets to further statistical purposes.

20. As already explained, while all requests for new or more detailed information will be considered, this will need to be in light of the strong public expenditure constraints. The scope to implement requests for new statistics where they would require new data to be collected or rely on additional resource, is likely to be limited, unless some existing statistics are discontinued. Other things to bear in mind in this context are the policy remit of the InsS/BIS, and our view of the quality and relevance of the data in question.

21. We aim to maximise the usefulness and accessibility of the Official Statistics published, for the serious, regular user, within the constraints outlined above.

22. In March-April 2010 the Insolvency Statistics were the subject of an 'Assessment' conducted by the United Kingdom Statistics Authority, which has a statutory obligation to formally assess all National Statistics against the Code of Practice for Official Statistics. The Insolvency Statistics were confirmed as National Statistics, subject to fulfilling a number of

requirements. One of these requirements identified was to “take steps to engage more effectively with users and make those steps known; publish information about users’ experiences of these statistics”. The full report is available here: <http://www.statisticsauthority.gov.uk/assessment/assessment-reports/index.html> (number 44, 27 May 2010). This consultation is partly in response to this report, but also provides the opportunity to consult on a wider range of statistics and topics.

23. The principal function of the Insolvency Statistics is to provide users with a definitive overview of the level of, and trends in, insolvencies within England & Wales.

24. The statistics are used widely within the Department and by a number of other government departments/bodies for policy development and evaluation, for parliamentary business and briefing, as inputs to resource planning assumptions and for various other models and analyses.

25. They are used extensively by media organisations, both at the national and local level, by stakeholders in the insolvency and related industries and by banks and other financial institutions.

26. The published statistics often provide a starting point or background information for academics and researchers. Finally the data are widely used by businesses, particularly at the sector level, and by members of the general public.

27. Insolvency related data are also produced by a range of private sector organisations. This is often based on information gathered from Companies House and the Insolvency Service’s Electronic Individual Insolvency Register (EIIIR).

Next Steps

28. The responses we receive in connection with this consultation will help define the Official Statistics published by the Insolvency Service going forward. A formal response will be published by the end of December 2010.

29. Once finalised, the government response relating to the consultation will be available on the following web pages : [Insolvency Service Consultation Register](#) and <http://www.insolvency.gov.uk/statistics/>

Consultation questions

30. The Insolvency Service would welcome any feedback from users of the statistics. Views are welcome on all aspects of the publications, including the methodology used to produce the statistics, the scope of the publications, the way the data are presented and their accessibility.

31. We would especially be interested in receiving responses to the questions outlined below, as well as any comments and suggestions which fall outside of these. **When responding it would be helpful if you could refer to the question number below, where appropriate, and, in particular, please specify which publication or other statistical information your comments relate to.** You may use the response form provided at Annex D if you prefer.

METHODOLOGY

(for those unfamiliar with the statistical publications, please see Annexes A and B which provide key facts, together with the Notes pages which accompany the publications themselves)

Question 1. Details of our methodology are provided in Annexes A and B and in Notes pages accompanying the publications. Are there any improvements that you would wish to suggest?

Question 2. Seasonally adjusted series for company liquidations and personal insolvency are produced for the quarterly statistics release, allowing comparisons to be made, for example, with the most recent quarter. Do you find the seasonally adjusted series of use?

Question 3. Due to the introduction of DROs in 2009, the seasonally adjusted bankruptcy orders series was discontinued. This was a necessary change due to no longer having a series on a consistent basis (at least in the short term). Did this result in any particular negative consequences?

Question 4. Insolvency rates per 10,000 adult population are published in the annual regional statistics. Would a similar rate-based series be a useful addition to the quarterly National Statistics release? (This would have to be based on mid-year population estimates/projections.)

Question 5. Do you have any views on the source data used, or any suggestions for alternative or additional sources?

Question 6. Currently, revisions are not routinely made to most data series (other than those seasonally adjusted, or subject to a specific exercise). However, any errors identified are corrected. To make revisions routinely to data series would be resource intensive and potentially result in only small changes for the majority of statistics which are based on the date of registration. If we were to target particular areas for regular revisions, which would these be?

SCOPE OF THE PUBLICATION

Question 7. Do the statistical releases cover all of the areas that you think should be included?

Question 8. Are there any additional series or breakdowns that you would like to see included in either the quarterly release or the annual Official Statistics releases ?

Question 9. Are there any published series or breakdowns that you consider to be unnecessary, which could be discontinued?

Question 10. Are the intervals between figures in the published tables of an adequate frequency (i.e. is the periodicity of the data sufficient)?

Question 11. Is the industry breakdown provided in the quarterly National Statistics release tables sufficiently detailed?

Question 12. Are there any specific industries that would be useful to identify separately in the breakdown?

Question 13. Should age and gender splits of bankruptcies, IVAs and DROs be published alongside the annual regional statistics?

PRESENTATION OF THE DATA

Question 14. Are the statistics presented in a way that is clear and understandable?

Question 15. Is the layout of the tables within the statistical releases suitable and understandable?

Question 16. Are the percentage change figures included at the bottom of the quarterly release tables useful and easy to understand?

Question 17. Are there any data within the releases that you think would benefit from being presented as a chart? If so, please specify which data sets and what types of chart would be most useful (for example, a bar chart of company liquidations by headline industry sectors for the most recent quarter).

Question 18. Were the maps included with the regional statistics in July 2010 a welcome addition?

Question 19. Would any other data within the regional statistics release benefit from being included as a map?

Question 20. Should the regional statistics include changes on the previous year?

Question 21. Is the commentary in the quarterly statistics release at the right level of detail?

Question 22. Is the balance of tables, charts and text in the quarterly release commentary adequate for your needs?

Question 23. Is there anything you would like added to the commentary of the quarterly release, or should it be shorter?

Question 24. Are the *Notes to Editors* in the quarterly statistics release the right level of detail?

Question 25. Should the regional statistics include commentary (as for that provided with the quarterly statistics)?

Question 26. Do you have any further suggestions for improving the presentation of the data?

FORMAT AND DISSEMINATION OF THE PUBLICATION

Question 27. Are the format and the way in which the statistics are disseminated satisfactory?

Question 28. Are the Excel tables useful, or is there a better way of presenting the data?

Question 29. Are the pdf versions of the tables in the quarterly release superfluous alongside the Excel versions?

Question 30. Is it useful to be able to download the tables in the quarterly release individually rather than all in the same file?

Question 31 Should the *Notes to Editors* be reproduced within the downloadable Excel/pdf tables?

Question 32. Are you able to locate the statistics you are looking for easily on our website?

Question 33. Do you have any suggestions for improvements to the statistics pages of the Insolvency Service' website?

Annex A: Methodological note : Quarterly Insolvency Statistics

The statistics for England and Wales are derived from administrative records of the Department for Business, Innovation and Skills (BIS)' Insolvency Service and Companies House Executive Agencies. For Scotland, the company insolvency statistics are currently derived from administrative records at Companies House. 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 DETI Insolvency Service and Companies House. Generally speaking, numbers of cases are based on the date the insolvency procedure was registered on the administrative recording system, not on the date of the order or agreement. More information on the administrative systems used for the Insolvency Statistics can be found in the Statement of Administrative Sources, which is located at www.insolvency.gov.uk/statistics

The X12ARIMA program (developed by the US Census Bureau) is used for the seasonal adjustment of the Insolvency Statistics for England and Wales, this being the recommended program within UK National Statistics. Seasonal adjustment is a process by which changes that are due to seasonal or other calendar influences are removed to produce a clearer picture of the underlying behaviour of the data series. The data series covering Scotland and Northern Ireland do not demonstrate consistent seasonality and only the raw (unadjusted) series are presented.

The seasonally adjusted series are revised in accordance with best practice across the UK statistical system. Most other major series are not routinely revised unless errors subsequently come to light. This is in part because, where the figures are based on the date an insolvency procedure is registered on the system, subsequent changes to the numbers going forward are generally likely to be small and the resource cost of implementing them would far outweigh the benefit gained.

Company insolvencies and bankruptcy orders (relating to the self-employed) in England and Wales broken down by industry are available from Q3 2007 according to the Standard Industrial Classification (SIC) 2003, bringing them into line with other official statistics. Industry breakdowns for compulsory liquidations and bankruptcies (only) are only available one quarter in arrears of the headline series. Figures according to the previously used Insolvency Trade Classification (ITC) are available up to Q3 2006, but information by industry is not available for the period between Q4 2006 to Q2 2007 (inclusive) on either classification. Additionally, the broad split of bankruptcy orders into self-employed and other individuals is available under Table 2a. Company liquidations in Scotland are available from Q1 2007 based on the SIC2003 industry breakdown and these can be found in Tables 4a and 4b. Earlier data are available separately classified according to the Insolvency Trade Classification (ITC).

Information concerning insolvency legislation, policy evaluation and research in England and Wales may be obtained from the Insolvency Service website at www.insolvency.gov.uk.

Annex B: Methodological note : Regional statistics, England and Wales

Case-level data for all personal insolvencies during the periods in question are extracted from the Insolvency Service' administrative databases. For each case, unique identifiers; details of the individual's address and postcode, date of birth and gender are included; along with some, limited additional data items relating to the insolvency.

The National Statistics Postcode Directory (NSPD) contains details of all UK postcodes, including centroid grid references accurate to 1m for each. The postcodes from the insolvency extract files are matched to those in the NSPD, allowing the vast majority of insolvency cases to be assigned geographical references and plotted. For each year's dataset there are a number of insolvency cases which cannot be matched in this way because the postcode is either missing, invalid or inaccurate. The percentages of such cases has dropped consistently over the period; these are reported in the Notes that accompany the regional tables.

Boundary files for each level of aggregation (Government Office Region, county, unitary authority and district) are superimposed onto the plotted insolvency cases. This allows the number of insolvencies within each geographical area to be identified.

Population estimates and projections, provided by the ONS population team, for adults aged 18 and above are obtained for the same geographical areas for which the insolvency case numbers are calculated. The case numbers in each area are then divided by the corresponding number of adults in the area, producing a rate. The rate is presented as the number of insolvencies per 10,000 adults.

These statistics are produced for annual totals only, due to the resource (both staff and IT) required for data cleaning, matching and manipulation, and also because the disaggregated numbers can be very small. At each annual publication, results for all years are recalculated with updated information in order to improve their accuracy. These improvements occur as the ONS revise their population estimates, and the NSPD is updated to include new postcodes that were missing from previous versions.

Annex C: The Consultation Code of Practice Criteria

1. Formal consultation should take place at a stage when there is scope to influence policy outcome.
2. Consultation should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible.
3. Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected costs and benefits of the proposals.
4. Consultation exercise should be designed to be accessible to, and clearly targeted at, those people the exercise is intended to reach.
5. Keeping the burden of consultation to a minimum is essential if consultations are to be effective and if consultees' buy-in to the process is to be obtained.
6. Consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation.
7. Officials running consultations should seek guidance in how to run an effective consultation exercise and share what they have learned from the experience.

Annex D: User Engagement Response Form

(please use the electronic version available from
http://www.insolvency.gov.uk/otherinformation/statistics/response_form.doc)

Insolvency Statistics User Engagement Response Form	
Name:	
Contact details: (for responses other than by e-mail)	
Name of Organisation: (if appropriate)	
Type of Organisation: (please include brief details of the nature of the business, and whether the views expressed are your own or represent those of the organisation)	
Which Official Insolvency Statistics do you use:	
What do you use the Insolvency Statistics for?	
What other government statistics do you use?	
What other sources of insolvency statistics do you use?	
Please enter your responses in the section below. Please include the publication to which you are referring and, where applicable, the question number you are considering.	
Any additional comments	