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The Insolvency Service
(by email)

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Dear John

Compliance Check of Individual Insolvency and Company Insolvency Statistics

We have completed our compliance check of the [Insolvency Service's Individual Insolvency](#) and [Company Insolvency](#) statistics against the [Code of Practice for Statistics](#). It is clear, both from the published outputs and from talking to the team that produces them, how much work has gone into developing these statistics. We also appreciate the ambition to further improve them. We reviewed these statistics because of the Insolvency Service's decision, from April 2024, to release separate individual and company insolvency publications on a monthly basis, containing additional information previously available only in quarterly publications. We have concluded that the accredited official statistics status of the previous quarterly statistics should be transferred to the new monthly statistics.

Within our review, we focused on the trustworthiness of the statistics, the methodology used to produce them and their public value. We paid particular interest to the changes the Insolvency Service made to the statistics following its user engagement (including a [user survey](#) in 2022, the [consultation](#) in 2023 and assessing [ad-hoc queries](#)).

Insolvency statistics are valuable because they inform international comparisons of the UK's insolvency, forecasts of insolvencies and impact analysis of proposed policies. These statistics are used by a variety of users including the Insolvency Service, other government departments, the insolvency profession, the financial sector, academics and the general public.

We particularly note four areas of improvement that the Insolvency Service made to the statistics in response to its user engagement:

- The monthly publications from April 2024 contain additional information that was previously released only quarterly, such as seasonally adjusted numbers and rates of insolvency per 10,000 companies or adults. The additional information has helped users, particularly those in the financial sector, to monitor and better understand recent trends of UK insolvencies. Internal users can now monitor the performance of Insolvency Service forecasts more regularly, and decision makers have more relevant data to support them in policy discussions.

- Publishing [management information](#) on COVID-19 financial schemes abuse, total/average length of bankruptcies and directors' disqualifications instead of Insolvency Service enforcement outcomes, after web analytics revealed low usage of the latter. The Insolvency Service has prioritised the data the users find the most helpful. Information on the enforcement outcomes statistics is published in the quarterly [Corporate Scorecard](#) publication.
- Providing more information in the individual insolvency statistics, regarding debt relief orders (DROs) and individual voluntary arrangements (IVAs) has helped users better understand the specific components of insolvency statistics. Consequently, users can conduct better impact analysis of proposed policies and changes.
- Introducing other methodology and content changes to insolvency statistics, following analysis of ad hoc requests and web analytics. These changes include the improved machine readability of the statistics, more concise industry breakdowns and the replacement of liquidation rates with corporate insolvency rates.

We welcome your team's ambition to further improve the statistics by:

- Continuing analysis regarding the impact of double counting of companies undergoing multiple insolvency procedures, such as company voluntary arrangements (CVAs) followed by liquidation, on the overall corporate insolvency rate. Such analysis will help insolvency statistics producers understand the effect of double counting and if it can be mitigated. Addressing any double counting will improve the reliability of the statistics.
- Continuing conversations with the Office for National Statistics to obtain data on age and size characteristics of insolvent companies to help users work out trends of insolvency rates.

We also highlight the following actions that we consider would further enhance the trustworthiness, quality, and value of the statistics:

- Continuing engagement with Scottish Government and the Department of Economy in Northern Ireland to discuss how more-granular data breakdowns (insolvencies by sector) could be obtained. Such breakdowns would be useful providing more data for monitoring insolvencies in individual sectors and for forecasting.
- Introducing a revisions summary alongside the insolvency statistics releases, to provide users with further information to support their understanding of the statistics and improve the Insolvency Service's communication of uncertainty.

We would like to thank you and your team for your positive engagement during this review. Please do not hesitate to get in touch if you would like to discuss any aspects of this letter further and please keep us updated on the progress of your recommendations.

Yours sincerely



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