Scottish Insolvency Statistics 2016-17: Quarter 3 (October to December 2016) Release

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1. Introduction

This release provides Scottish insolvency statistics compiled by Accountant in Bankruptcy (AiB) for the third quarter of 2016-17. Statistics relating to the Debt Arrangement Scheme (DAS) are also reported. The figures are collated to 31 December 2016.

Please, contact us with comments or enquiries about this publication.

Samuel Dickinson: Samuel.Dickinson@aib.gsi.gov.uk
Francisco Forner-Borras: Francisco.Fornr@gov.scot
2. Key Points Infographic

**Personal Insolvencies**

- 2,616 Personal insolvencies recorded this quarter
- 12.4% increase from the equivalent quarter last year

**Protected Trust Deeds**

- 1,500 PTDs were recorded this quarter
- 10.6% increase from the equivalent quarter last year

**Bankruptcies**

- 1,116 Bankruptcies were awarded this quarter
- 14.8% increase from the equivalent quarter last year

**Debt Arrangement Scheme**

- 529 DPPs were approved this quarter
- 408 DPPs were completed this quarter
- £9.6m repayment through DAS this quarter
- 2.3% increase from the equivalent quarter last year
- 30.8% increase from the equivalent quarter last year
- 1.7% increase from the equivalent quarter last year

* DPP stands for Debt Payment Programme

**Corporate Insolvencies**

- 209 Corporate insolvencies were recorded this quarter
- 18.4% decrease from the equivalent quarter last year

**Creditors' Voluntary Liquidations** - 34.4%

**Compulsory Liquidations** - 65.6%
3. Key Points

- Personal insolvencies increased for the third quarter in a row, returning to levels seen before the introduction of BADA(S) in the first quarter of 2015/16.

- There were 2,616 personal insolvencies in Q3 (October to December) 2016-17. Personal insolvencies includes bankruptcies and protected trust deeds (PTDs).

- There were 1,116 bankruptcies awarded during this quarter, three bankruptcies more than the previous quarter and a 14.8 per cent increase when compared with the third quarter of 2015-16. The activity level in 2015-16 was particularly low due to the legislative and operational changes introduced through Bankruptcy and Debt Advice (Scotland) Act 2014 (BADA(S)) on 1 April 2015. Comparisons with 2013-14 and 2014-15 show that bankruptcies awarded in this quarter were 33.3 per cent and 29.4 per cent lower, respectively.

- The number of PTDs rose 14.4 per cent from the previous quarter to 1,500.

- There were 529 debt payment programmes (DPPs) approved under DAS. This represents 20.1 per cent less DPPs than the previous quarter and 2.3% more than the previous year.

- A total of £9.6 million was repaid through DAS during this quarter. This is 3.7 per cent higher than the previous quarter.

- The combined number of bankruptcies awarded, PTDs recorded and DAS DPPs approved has remained stable. This quarter's figures are 1.9 per cent higher than the previous quarter and 10.5 per cent higher than the same quarter in 2015-16.

- The number of Scottish registered companies becoming insolvent or entering receivership marginally decreased in the third quarter of 2016-17, with 209 companies becoming insolvent compared with 218 in the previous quarter. The number of members’ voluntary liquidations (solvent liquidations) increased from 106 to 151.
Chart 1 depicts the long-term trend in the number of statutory debt solutions, which include personal insolvencies and DAS DPPs, in Scotland from 2006-07.

The number of personal insolvencies in Scotland shows a long-term downward trend. Activity levels have been impacted over short-term periods due to the introduction of new legislation. The most significant change was the introduction of the Low Income Low Asset (LILA) route to bankruptcy in the third quarter of 2008-09. This widened access to bankruptcy and resulted in a sharp increase in activity. Similarly, the introduction of the BADA(S) resulted in a temporary drop in personal insolvencies in early 2015-16 but figures have been increasing since then.

In recent quarters all three products have seen relatively little variation. PTD figures have seen an increase this quarter and reached the highest quarterly total since the third quarter of 2013-14.

Overall, this period of stability follows a longer term decreasing trend for Bankruptcies and PTDs and a shorter term decreasing trend for DAS DPPs.

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**Personal Insolvencies** – This is the total of bankruptcies awarded and trust deeds protected

**Bankruptcies** - Bankruptcy is a formal method of dealing with debts if other options have failed or aren’t suitable for your circumstances. Being declared bankrupt means you have to hand over your estate, which includes your home, to your trustee. [More+](http://www.aib.gov.uk/guidance/bankruptcy/legislation)

**PTDs** - Voluntary arrangements, where the debtor passes his estate to an insolvency practitioner who arranges to repay part of the debt to creditors on the debtor’s behalf. [More+](http://www.aib.gov.uk/guidance/bankruptcy/legislation)

**DAS DPPs** – Debt Arrangement Scheme (DAS) is a Scottish Government debt management tool which allows someone to repay their debts through a debt payment programme (DPP). [More+](http://www.aib.gov.uk/guidance/bankruptcy/legislation)

**LILA** - LILA was the route into bankruptcy for people who had Low Income and Low Assets. LILA was replaced by the MAP route into bankruptcy in 2015. [More+](http://www.aib.gov.uk/guidance/bankruptcy/legislation)

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1 BADA(S) [http://www.aib.gov.uk/guidance/bankruptcy/legislation]
5. Personal Insolvencies

This section covers the statutory debt relief solutions available in Scotland for people who can no longer meet their financial obligations. Personal insolvencies in Scotland consist of both bankruptcy and PTDs.

5.1 Personal Insolvencies Trends

The following chart shows the quarterly volume of bankruptcies awarded and PTDs recorded since 2005-06.

Chart 2: Personal Insolvencies in Scotland

Overall, the number of bankruptcies awarded has declined since the third quarter of 2008-09. There was a spike in activity in the first quarter of 2012-13 as a result of the scheduled increase in fees to access bankruptcy being introduced on 1 June 2012. During the first quarter of 2015-16, the number of bankruptcies awarded fell sharply following the introduction of significant change via the BADA(S) reforms and operational changes to the bankruptcy application process.

This quarter has seen an increase of 0.3 per cent in the number of bankruptcies awarded. However, this increase has been fairly small in size and the number of bankruptcies awarded remains similar to previous quarters.

The trend of PTDs registered each quarter was relatively stable between 2008-09 and 2012-13. Since the second quarter of 2013-14, there has been a decrease in activity, with PTD legislative changes introduced in November 2013 including the extension of the payment period to 48 months possibly contributing to this decline.

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BADA(S) reforms from 1 April 2015 aligned the payment period in Bankruptcy and PTDs to 48 months. There was a large increase in the number of PTDs in the first quarter of 2015-16, with activity levels steadily increasing in recent quarters.

5.2 Summary bankruptcies awarded and number of PTDs registered

There were a total of 2,616 personal insolvencies in Scotland in the third quarter of 2016-17 which represents a 7.9 per cent increase on the previous quarter.

The current quarter’s figures are 12.4 per cent higher than the same quarter in the previous year. However, insolvency figures were artificially low in 2015-16 due to the legislative and operational changes introduced through BADA(S) on 1 April 2015.

Table 1: Personal Insolvencies by Quarter

<table>
<thead>
<tr>
<th></th>
<th>2015-16 (r)</th>
<th>2016-17 (p)</th>
<th>Percentage change 2016-17 Q3 on:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
</tr>
<tr>
<td>Awards of Bankruptcy</td>
<td>972</td>
<td>1,028</td>
<td>1,144</td>
</tr>
<tr>
<td>Creditor Petitions</td>
<td>256</td>
<td>305</td>
<td>287</td>
</tr>
<tr>
<td>Trust Deed Petitions</td>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Debtor Applications</td>
<td>716</td>
<td>722</td>
<td>855</td>
</tr>
<tr>
<td>of which MAP</td>
<td>404</td>
<td>401</td>
<td>487</td>
</tr>
<tr>
<td>of which Full Admin</td>
<td>312</td>
<td>321</td>
<td>368</td>
</tr>
<tr>
<td>Protected Trust Deeds</td>
<td>1,356</td>
<td>1,235</td>
<td>1,261</td>
</tr>
<tr>
<td>Total Personal Insolvencies</td>
<td>2,328</td>
<td>2,263</td>
<td>2,405</td>
</tr>
</tbody>
</table>

r - Figures for 2015-16 were revised following validation at the end of the previous financial year.
p - Figures for 2016-17 will remain provisional until validation following the end of the financial year.

*As the number of Trust Deed Petitions each quarter is generally small, any changes in the number of cases between quarters can result in large percentage changes. Therefore, this figure will not be reported in the table.
5.3 Bankruptcies

Debtor applications received

Creditor petitions and Trust Deed petitions are awarded by the courts. AiB only receives debtor applications for bankruptcy.

In the third quarter of 2016-17, AiB received 883 debtor applications for bankruptcy. This is five applications fewer than the previous quarter and 27.5 per cent higher than the corresponding quarter of the previous year.

Not all the applications for bankruptcy result in an award being made. During Q3 2016-17, 23 applications were rejected as the criteria for bankruptcy had not been demonstrated and 24 applications were returned due to application errors. At the end of the third quarter, 53 applications were still being processed.

Bankruptcies awarded

This quarter 1,116 bankruptcies were awarded, three more bankruptcies than the previous quarter. Compared with the same quarter in the previous year, bankruptcies have increased 14.8 per cent. This is a result of a relatively low number of applications awarded during the bedding in period of BADA(S). The number of awarded bankruptcies was 33.3 per cent lower than the same quarter in 2013-14 and 29.4 per cent lower than in 2014-15.

The 1,116 individual awards of bankruptcy this quarter can be broken down as follows:

- 875 awards were made as a result of debtor applications to AiB, an increase of 7.2 per cent on the previous quarter and 22.2 per cent higher than the same quarter last year. Of these, 465 were awarded bankruptcy through the Minimal Asset Process (MAP) route. This accounts for 53.1 per cent of the total debtor applications.

- 240 awards resulted from petitions to the courts by creditors. This is an 18.6 per cent decrease compared to the previous quarter and 6.3 per cent lower than the same quarter last year.

- One award was made as a result of petitions to the court by trustees in a trust deed, a similar level to previous quarters.
Case administration

In Scotland, a trustee is appointed to administer each bankruptcy. The Accountant in Bankruptcy (The Accountant) will be the trustee unless an insolvency practitioner is nominated to act. In all cases awarded under MAP, The Accountant must act as trustee. In the third quarter of 2016-17, The Accountant was appointed trustee in 923 cases awarded, representing 82.7 per cent of bankruptcies for the quarter.

Bankruptcies discharged

A debtor in a bankruptcy will normally be bankrupt for one year. After this period they may be discharged. Although the debtor is discharged, the administration of the bankruptcy continues until the trustee has dealt with all of the estate and accounted for their work so that they can seek their own discharge. A debtor must continue to co-operate with the trustee until the trustee's discharge.

In the third quarter of 2016-17, there were 869 debtors discharged and 1,294 trustees discharged.

5.4 Protected Trust Deed - PTDs

The number of PTDs registered increased, with a total of 1,500 recorded in the third quarter of 2016-17. This is an increase of 14.4 per cent from the previous quarter. This quarter’s figures are 10.6 per cent higher than the total recorded in the corresponding quarter of the previous year.

Legislative changes in bankruptcy introduced from 1 April 2015 increased the bankruptcy payment period to 48 months. Prior to this, those agreeing to a PTD were typically paying contributions for an additional year as compared with those in bankruptcy. Following these legislative changes, which aligned Bankruptcy and PTD contribution periods, there have been more PTDs registered than bankruptcies awarded.

PTDs discharged

A debtor in a protected trust deed is normally discharged after 48 months. If the debtor makes the agreed payments, and co-operates with the trustee then the trustee will apply to AiB for the debtor discharge. On granting, creditors will not be able to pursue money that was owed to them prior to the debtor signing the trust deed. After the debtor has been discharged, the trustee may remain in office as long as necessary to conclude the administration of the trust deed.

In the third quarter of 2016-17, there were 1,266 debtors discharged and 1,918 trustees discharged.

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3 Discharge figures have provisional status and will be revised according to AiB revision policy
The Debt Arrangement Scheme (DAS) is a statutory debt management solution administered by AiB. Under DAS, a debtor commits to a Debt Payment Programme (DPP) which allows them to repay their debts based on their disposable income while they are protected from creditors taking any action against them to recover their debt. For more information on DAS please see the DAS website.

6.1 Summary

There were around 13,100 live cases at the end of this quarter. Compared with the previous quarter, the number of live cases has decreased as a result of the number of new approved DAS DPPs being lower than the combined number of completed and revoked cases.

This quarter, the total amount repaid through DAS increased. A total of £9.6 million was repaid from debtors, with creditors receiving a minimum of 90% of the debt owed to them (after DAS Administrator and payments distributor fees).

6.2 Applications Approved

During the third quarter of 2016-17 there were 529 DPPs approved under DAS. This is a 20.1 per cent decrease on the previous quarter and 2.3 per cent higher than the same quarter in the previous year.

Chart 3: DAS DPPs approved

![Chart 3: DAS DPPs approved](chart3.png)

Chart 3 shows the quarterly total number of approved DPPs under DAS since the first quarter of 2009-10 and illustrates the increase in volume of DPPs approved, particularly from 2011-12 onwards. This upturn was a result of changes to the legislation[^4] and improvements to the DAS Administrator’s IT system.

After a period of decline since the first quarter of 2014-15, the number of approved DPPs under DAS had remained stable, albeit at a lower level.

6.3 DAS DPPs Completed

A total of 408 DAS DPPs were completed in the third quarter of 2016-17 similar to the number completed in previous quarters. This was a 30.8 per cent increase compared with the same quarter of the previous year. A DPP reaches completion when the debt in the DPP has been paid in full, minus the fees paid to the DAS Administrator and the payments distributor.

Since the average length of a DAS DPP is around 7 years, we can expect a steady rate of increase until 2018, followed by a lower but steady volume of completions in line with current applications approved.

6.4 Variations

If a debtor’s circumstances change and they can no longer afford the agreed payments, or if they want to increase the level of payment, they can apply for a variation to their DAS DPP.

In the third quarter of 2016-17, 605 applications to vary a DPP under DAS were approved while 25 were rejected. The number of approved variations is equal to 4.6 per cent of DAS live cases.

6.5 Revocations

A DPP is automatically revoked if the debtor is made bankrupt or enters a trust deed which becomes protected. There are also a number of grounds where the debtor, a money adviser acting on behalf of the debtor or a creditor in the DPP can apply to revoke a DPP. If the DPP is revoked, the debtor may be liable for all interest, fees, penalties and other charges that would have been payable had the DPP not been approved.

A total of 361 applications to revoke a DAS DPP were approved in the third quarter of 2016-17 and 97 were rejected. This is an approval rate of 78.8 per cent. The number of approved applications is 7.9 per cent lower than the previous quarter and 11.7 per cent lower than the number approved in the corresponding quarter of 2015-16. Overall, 2.6 per cent of live cases were revoked during Q3 2016/17.

6.6 Amount Repaid

A total of £9.6 million was repaid from debtors to creditors (minus fees) through DAS in the third quarter of 2016-17. This represents a 3.7 per cent increase on the amount repaid during the previous quarter and a 1.7 per cent increase on the corresponding quarter of the previous year.

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5 There are a number of grounds where the debtor, a money adviser acting on behalf of the debtor, or a creditor in the DAS DPP can apply to revoke a DAS DPP, including where a debtor has failed to satisfy the conditions of the DPP or if two payments have been missed and a third is due. A DAS DPP is automatically revoked if the debtor applies and is awarded bankruptcy or signs a trust deed which becomes protected.
Table 2: Amount Repaid Through DAS by Quarter

<table>
<thead>
<tr>
<th></th>
<th>2015-16 Q3</th>
<th>2015-16 Q4</th>
<th>2016-17 Q1</th>
<th>2016-17 Q2</th>
<th>2016-17 Q3</th>
<th>Percentage change 2016-17 Q3 on:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount Repaid under</td>
<td>£9.4 m</td>
<td>£9.4 m</td>
<td>£9.3 m</td>
<td>£9.2 m</td>
<td>£9.6 m</td>
<td>3.7%</td>
</tr>
<tr>
<td>the Debt Arrangement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2016-17 Q2 2015-16 Q3</td>
</tr>
<tr>
<td>Scheme</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.7%</td>
</tr>
</tbody>
</table>

Note: The published amounts have been rounded however the percentage changes have been calculated using the unrounded figures.
Statutory debt solutions in Scotland consist of bankruptcies and PTDs, which are debt relief solutions, and DAS which is a debt management solution. Non-statutory debt solutions such as Debt Management Plans or private agreements between creditors and debtors also exist, but they are not administrated or recorded by AiB.

Chart 4 shows the proportion of statutory debt solutions recorded for each quarter. This illustrates the change in distribution of bankruptcies, PTDs and DAS DPPs since 2009-10.

The proportion of bankruptcies has been generally declining since 2009-10. The proportion of individuals entering DAS, after a steady period of increase, has been declining in recent quarters. Following a long period of decline, the proportion of PTDs increased during 2015-16; this increase may have been driven by the latest changes in bankruptcy legislation which aligned Bankruptcy and PTDs' minimum contribution periods.

When the above figures are considered for the third quarter of 2016-17, bankruptcies accounted for 35.5 per cent, the equivalent proportion for PTDs increased slightly to 47.7 per cent and DAS accounted for 16.8 per cent of all statutory debt solutions. As can be seen in the chart above the distribution of statutory debt solutions in Scotland has remained relatively stable over recent quarters.
This section covers receiverships and liquidations of companies where the Court of Session has jurisdiction to wind up businesses, and which are recorded\(^6\) in the Register of Insolvencies (RoI).

**Chart 5: Corporate insolvencies**

The corporate insolvency statistical time series, which includes receiverships appointments, compulsory liquidations and creditors’ voluntary liquidations, shows a general upward trend up until the first quarter of 2012-13 followed by a significant decrease for the remainder of that year. This was followed by an upward trend at the beginning of 2013-14. The quarterly total had been declining until the second quarter of 2015-16. The number of corporate insolvencies has decreased in the two most recent quarters of 2016/17.

This chart also shows the total number of Members’ Voluntary Liquidations (MVLs) recorded each quarter. An MVL is a solvent liquidation designed to collect and distribute the assets of the company. A company is considered legally solvent when it is able to meet its financial obligations. Retirement of company member/s, restructuring of a company, deregistering an inactive company or changes in the profitability of a market are some of the reasons why member/s of a company may decide to adopt a voluntary winding up resolution and

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\(^6\) AiB reports on the number of corporate insolvencies and member voluntary liquidations logged on the AiB’s system. There is a time lag between the dates when a corporate insolvency is awarded or a member voluntary liquidation is registered and when AiB receives notice. Therefore, the figures reported by AiB may not exactly reflect the number of corporate insolvencies awarded or member voluntary liquidations registered in a quarter.
appoint a liquidator to realise the assets of the business and distribute the proceeds among the company members. The MVL time series shows a general upward trend since the middle of 2012-13. The number of MVLs is 42.5 per cent higher than in the previous quarter and 20.5 lower than the corresponding quarter in the previous year.

**Corporate Insolvencies**

AiB received 209 notices of Scottish registered companies becoming insolvent or entering receivership in the third quarter of 2016-17. This is 4.1 per cent less than the number registered last quarter and 18.4 per cent lower than the same quarter of the previous year.

The quarterly figure consists of 137 compulsory liquidations and 72 creditors’ voluntary liquidations. There were also 151 members’ voluntary liquidations. Further information is shown in table 3 below.

The RoI does not contain information on corporate administrations in Scotland as they are a reserved matter\(^7\). This means they are not included in the corporate insolvency statistics produced by AiB

<table>
<thead>
<tr>
<th>Table 3: Company Liquidations and Receiverships **</th>
</tr>
</thead>
</table>

\(^*\)As the number of corporate receiverships each quarter is generally small, any changes in the number of cases between quarters can result in large percentage changes. This figure will not be reported in the table.

\(^**\)The figures for 2015-16 in the table above have been revised. Due to a change in administration systems, a number of cases were not included in counts throughout 2015-16. The distribution of these cases can be found in the revision section at the statistical background section.

\(^7\)The UK Insolvency Service do report these statistics on a quarterly basis and further information can be found on their website at [https://www.gov.uk/government/collections/insolvency-service-official-statistics](https://www.gov.uk/government/collections/insolvency-service-official-statistics)
9. **Background**

### 9.1 General background

AiB supervises all personal insolvencies in Scotland and administers those bankruptcies where The Accountant is appointed as trustee. Insolvent individuals in Scotland are subject to bankruptcy (sequestration) or enter PTDs under the Bankruptcy (Scotland) Act 1985 (the 1985 Act). The 1985 Act was amended by the Bankruptcy (Scotland) Act 1993 and on 1 April 2008, part 1 of the Bankruptcy and Diligence etc. (Scotland) Act 2007 came into force making changes to some aspects of bankruptcy in Scotland. Changes included the introduction of a route into bankruptcy for people with low income and low assets (LILA). The changes also took a number of processes out of the Scottish Court system, reducing costs and freeing up court time.

There were a number of changes to bankruptcy, debt relief and money advice in Scotland introduced by the Bankruptcy and Debt Advice (Scotland) Act 2014 (BADA(S)) which came into force from 1 April 2015, and amended the 1985 Act. A new route into bankruptcy was introduced through the BADA(S) for people on low income who do not own property and have very little in savings or other assets. This is known as Minimal Asset Process (MAP), and it replaced LILA.

On 30 November 2016 the new Bankruptcy (Scotland) Act 2016 came into force. The Bankruptcy (Scotland) Act brought together Scottish laws on insolvency for the first time. Although no new policies were introduced, this consolidation exercise has made the complex area of bankruptcy more accessible for insolvency professionals, money advisers and those experiencing financial difficulties.

A PTD is a voluntary arrangement where an agreement is made between a debtor and creditors to repay part or all of their debt. The debtor conveys his estate to an insolvency practitioner to administer for the benefit of creditors and the arrangement normally includes a contribution from income for a set period. Provided the debtor complies with the terms of their deed, the creditors can take no further action to pursue the debt or to make the debtor bankrupt. This is similar to Individual Voluntary Agreements in England and Wales; although there are important differences in the way they are set up and administered.

DAS is administered by AiB. Debt payment programmes approved under DAS allow individuals to repay their debts in full over an extended period of time whilst providing protection from enforcement by their creditors and safeguarding their home as long as mortgage payments are maintained. The legislation relating to DAS is contained in the Debt Arrangement and Attachment (Scotland) Act 2002 and subsequent regulations.

AiB is also responsible for receiving, extracting and recording information from certain forms relating to company liquidations and receiverships. The legislation appropriate to liquidations and receiverships is contained in the Insolvency Act 1986 and the Insolvency (Scotland) Rules 1986.

Further information on DAS, including a register of debt payment programmes, is available at [http://www.dasscotland.gov.uk](http://www.dasscotland.gov.uk)

Further information regarding insolvency in Scotland, including legislation, can be found on the AiB's website at [www.aib.gov.uk](http://www.aib.gov.uk)
9.2 Statistics background

Official statistics are produced by professionally independent statistical staff. Further information on the standards of official statistics in Scotland can be accessed at http://www.scotland.gov.uk/Topics/Statistics/About

9.2.1 Data sources

The statistics for individual insolvencies (Bankruptcies and PTDs) and DAS are derived from administrative data of records processed within AiB and stored on the systems BASYS, ASTRA and DASH respectively. The exception to this is creditor and trustee petition bankruptcies which are sourced from the courts that grant them and subsequently stored on the BASYS system.

Corporate insolvencies are derived from administrative records provided by the courts, administrators and receivers.

Methodology

Figures are produced from tabulation of raw data from relevant administrative systems for the number of Bankruptcies, PTDs, DAS DPPs and corporate insolvencies.

The numbers of personal insolvencies reported are based on the date the court order or agreement of the insolvency procedure. The implication of this for creditor petitions is that the published figures will be influenced by, for example, the late reporting of court orders which may lead to underestimating the number of creditor petitions awarded. Data reported for the latest quarter contains creditor petition awards registered as at 31 December 2016. Creditor petitions statistics are subsequently adjusted after the final quarterly release of the financial year and the revised figures are reflected in the first quarterly report of the next financial year.

The numbers of debt payment programs (DPP) under DAS are based on the date the DPP was approved; and the numbers of corporate insolvencies are based on the date the insolvency was registered in AiB’s administrative recording system.

Revisions

Revisions made are usually as a result of data being sent to AiB and logged on to the administrative systems after the cut-off date for data being extracted from the systems to produce the statistics. These revisions tend to be small in the context of overall totals; nonetheless these figures will be revised in the first quarterly release of the next financial year and will be marked as revised.

It is therefore practice to treat records that are at risk of being entered late onto the administrative system as provisional until the final revisions have been made in the first quarter of the next financial year. Where ad hoc revisions are made for any other reason, these revisions will be highlighted in the table and reasons for any revisions will be given in the text. More information on the revision policy can be requested from AiB.
9.2.2 Quality

Relevance

The statistics produced by AiB are the most complete record of the number of personal and corporate insolvencies in Scotland. They include all statutory insolvency procedures available. Statistics on the Debt Arrangement Scheme, the only statutory debt management solution available in Scotland, are also included.

The statistics presented here do not include non-statutory debt solutions. This is where debtors make their own arrangements with creditors or enter informal debt management plans with a debt management firm.

The demand for statutory debt solutions should be seen within the context of the overall debt solution market (both statutory and non-statutory solutions). This demand will be affected by changes in the legislative and regulative environment. For example, changes to regulatory procedures operated by the Financial Conduct Authority could affect the supply of non-statutory solutions and in turn the demand for statutory debt solutions.

Key users of AiB’s insolvency statistics are AiB itself, which has policy responsibility for personal insolvencies in Scotland; the insolvency profession; debt advice agencies; media organisations; academics; creditors and the general public. The statistics team welcomes feedback from users of these statistics (current contact details are provided at the end of this report). There is also a survey that will be live from the date of this publication - Questionnaire - and AiB would be grateful if users could complete the survey and give their views on this publication.

Accuracy and Completeness

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 Scotland at the time of publication.

The numbers of bankruptcies, PTDs and DAS DPPs are based on the date of the order, agreement of the insolvency procedure or the approval date, not on the date it was registered on the administrative recording system. This does not have any implication for cases processed within AiB; however the published number of creditor petitions will be influenced by, for example, the late reporting of creditor petitions court orders, which may lead to missing data. Creditor petitions reported for the latest quarter contains bankruptcies awarded and registered on AiB administrative system as at 31 December 2016, and it is marked a provisional. Revisions are scheduled for the first quarterly release of the following financial year and the new data will be marked as revised then.

In contrast, the numbers of corporate insolvencies are based on the date the insolvency was registered on AiB corporate insolvency recording system (BASYS). The implication of this is that the corporate insolvency published figures will be influenced by, for example, the late reporting of orders which may lead to a quarter’s figures containing cases awarded the previous quarter. This should be noted when making comparisons of trends over time; or comparing with other sources of data.
Checks are in place to identify and remove duplication of cases when extracting data from the administrative systems, to ensure that returns cover all debt management solutions, and to check consistency within tables and between related tables.

**Coherence**

AiB publishes year end totals of the quarterly statistics in its annual report. These numbers may differ slightly to those reported throughout the year but revisions will be made and reasons highlighted alongside them in the text.

When producing statistics by local authority, numbers may differ slightly as postcodes of debtors cannot always be assigned, where this occurs these differences will be highlighted and commented on. Accordingly, the Annual and quarterly statistics reports are the definitive source of statistics for statutory debt solutions in Scotland.

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 AiB using its own administrative system’s data rather than the start date of the insolvency.

**Timeliness and Punctuality**

The Scottish Insolvency Statistics are published on the 4th Wednesday of the month following the end of the quarter being reported on; this publication date allows receipt of all the data inputs, and sufficient time for quality assurance the data extracts, tabulating records and completing the compilation of the statistical release in the publication format.

There is a publication schedule for a year ahead available on the ScotStat, and the statistics have always been published on target. Similarly, the dates for the following quarterly publications are available on AiB website

**Accessibility and Clarity**

The Scottish Insolvency Statistics are available free of charge to the end user on the AiB website. They are released via the website and ScotStat. Contact details can be found at the end of these background notes for any specific requests on the data.

**Comparability**

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 the commentary and in the general background notes.
The figures released today were produced in accordance with professional standards set out in the Code of Practice for Official Statistics; they undergo regular quality assurance reviews to ensure that they meet customer needs.

Correspondence and enquiries
For enquiries about this publication please contact:
Samuel Dickinson,
Accountant in Bankruptcy,
Telephone: 0300 200 2705 (Kilwinning)
E-mail: Samuel.Dickinson@gov.scot

For general enquiries about Scottish Government statistics please contact:
Office of the Chief Statistician, Telephone: 0131 244 0442,
E-mail: statistics.enquiries@scotland.gsi.gov.uk

How to access background or source data
The data collected for this statistical bulletin:
☐ are available in more detail through Scottish Neighbourhood Statistics
☒ are available on the AiB Statistics webpages at:
http://www.aib.gov.uk/About/annualtargets/quarterlyreports

Details of bankruptcies, PTDs, liquidations and receiverships can be found on the Register of Insolvencies, which is maintained by Accountant in Bankruptcy and can be accessed at https://roi.aib.gov.uk/roi/

The DAS register is an online public register which holds information about those who have a DPP under DAS (https://services.aib.gov.uk/dasregister/)

☐ may be made available on request, subject to consideration of legal and ethical factors.
☐ cannot be made available by Scottish Government for further analysis as Scottish Government is not the data controller.

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