Scottish Insolvency Statistics:
April to June 2018 (2018-19 Quarter 1)

25 July 2018
An Official Statistics Publication for Scotland

About this release
This quarterly release contains the latest statistics on personal and corporate insolvencies in Scotland. Statistics on the Debt Arrangement Scheme are also reported.

The statistics are compiled by Accountant in Bankruptcy (AiB), an executive agency of the Scottish Government.

The majority of the statistics presented are derived from AiB administrative records. Estimates for 2018-19 are provisional until final figures are published in July 2019. Final 2017-18 figures are summarised in this release.

This release covers insolvencies in Scotland. Statistics covering England & Wales and Northern Ireland are available from The Insolvency Service.

Non-statutory debt solutions, where debtors make their own arrangements with creditors or enter informal debt management plans with a debt management firm, are not included.

Personal insolvencies in Scotland increased in 2018-19 Q1 compared with the same quarter in 2017-18.

There were 3,208 personal insolvencies (bankruptcies and protected trust deeds (PTDs)) in 2018-19 Q1, 339 more than in 2017-18 Q1 (see chart 1). For another type of statutory debt solution, the Debt Arrangement Scheme (DAS), there were 648 Debt Payment Programmes (DPPs) approved in 2018-19 Q1 compared with 597 a year earlier (also shown in chart 1).

Corporate insolvencies increased from 200 in 2017-18 Q1 to 245 in 2018-19 Q1.

Chart 1: Statutory debt solutions by type: Scotland, April to June 2006 to April to June 2018, quarterly data (table D1)

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</thead>
<tbody>
<tr>
<td>Approved DPP under DAS</td>
<td>648</td>
<td>597</td>
<td>597</td>
<td>597</td>
<td>597</td>
<td>597</td>
<td>597</td>
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Next update
October 2018

In this release
Main points for 2018-19 Q1 (p2), Bankruptcy (p3), PTDs (p4), DAS (p5), Corporate insolvency (p7), 2017-18 summary (p9), Infographic (p10), Background information (p11)
Main points for April to June 2018

Bankruptcies decreased by 6.5% in 2018-19 Q1 when compared with the same quarter in the previous year. Full Administration and creditor petition bankruptcies both decreased while Minimal Asset Process (MAP) bankruptcies increased. PTDs increased by 27% and was the main contributor to the overall increase in personal insolvencies (see table 1).

Table 1. Summary of Scottish Insolvency Statistics for April to June 2018 (2018-19 Q1): Scotland, quarterly data (table D1)

<table>
<thead>
<tr>
<th></th>
<th>2017-18 (r)</th>
<th>2018-19 (p)</th>
<th>2018-19 Q1 compared with 2017-18 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankruptcies</td>
<td>1,322</td>
<td>1,146</td>
<td>1,069</td>
</tr>
<tr>
<td>Protected Trust Deeds</td>
<td>1,547</td>
<td>1,347</td>
<td>1,600</td>
</tr>
<tr>
<td>Total personal insolvencies</td>
<td>2,869</td>
<td>2,493</td>
<td>2,707</td>
</tr>
<tr>
<td>Approved DPP under DAS</td>
<td>597</td>
<td>662</td>
<td>570</td>
</tr>
<tr>
<td>Amount repaid under DAS (£ million)</td>
<td>9.4</td>
<td>9.4</td>
<td>9.5</td>
</tr>
</tbody>
</table>

Total corporate insolvencies 200 224 201 259 245 22.5%

r: Previously published figures have been revised.
p: Figures for 2018-19 will remain provisional until validation following the end of the financial year.

Chart 2 shows the quarterly path of personal insolvencies within the year by presenting both quarterly and cumulative personal insolvencies in the current financial year and compares these with the previous financial year.

Chart 2. Quarterly and cumulative personal insolvencies: Scotland, April 2017 to March 2018 and April to June 2018, quarterly data (table D1)

Data used in this release
The data used in this statistical release are available here.

No seasonal adjustment
The data used in this release are not seasonally adjusted. We recommend you use year-on-year comparisons (for example 2018-19 Q1 compared with 2017-18 Q1) rather than making quarter-on-quarter comparisons.

Key terms
Debtor: any person who owes money to another.
Creditor: any person, business or organisation that is owed money by another.
Bankruptcy: (also known as sequestration in Scotland) is a legal declaration that someone cannot pay their debts. If a person is declared bankrupt, control of things that they own, is passed to a trustee who may sell them to pay money owed to creditors. A regular payment from a person’s income may also have to be made.

Protected trust deed (PTD): a form of insolvency that transfers a debtor’s estate to a trustee to be realised for the benefit of creditors.

Debt Arrangement Scheme (DAS): a Scottish Government debt management tool. Allows a debtor to repay their debts through a Debt Payment Programme by giving more time for repayments free from the threat of enforcement (diligence) or bankruptcy.
Personal insolvency: bankruptcy

Bankruptcies in 2018-19 Q1 decreased when compared with the same quarter in the previous year. There were 1,236 bankruptcies awarded in 2018-19 Q1, a 6.5% decrease when compared with 2017-18 Q1.

Of the 1,236 awards of bankruptcy in 2018-19 Q1, 74% came from debtor applications. The remaining bankruptcies came from creditor petitions (26%) and one trust deed petition.

Creditor petitions decreased from 358 in 2017-18 Q1 to 322 in 2018-19 Q1. Creditor petitions are approved by courts with AiB only recording when a creditor petition has been awarded. The number of creditor petitions recorded, therefore, could be influenced by the late reporting of creditor petitions court orders.

Awards of bankruptcy: debtor applications

Debtor applications for bankruptcy decreased by 5.2% from 963 in 2017-18 Q1 to 913 in 2018-19 Q1. There are two types of debtor applications for bankruptcy: MAP or Full Administration. Full Administration bankruptcies decreased by 21% and MAP bankruptcies increased by 10%.

The majority of bankruptcies awarded through debtor applications are MAP cases. The MAP bankruptcy replaced the Low Income Low Asset (LILA) bankruptcy in April 2015.

Chart 3 shows the recent trend in bankruptcies awarded through debtor applications since April to June 2009. The number of LILA bankruptcy awards followed the declining trend in overall bankruptcies since 2008-09. There was a spike in activity in April to June 2012 likely as a result of the scheduled increase in fees to access bankruptcy being introduced on 1 June 2012. Legislative and operational changes introduced through the Bankruptcy and Debt Advice (Scotland) Act 2014 (BADA(S)) on 1 April 2015 was the most likely cause for the sharp decline in the number of bankruptcies awarded in April to June 2015.

Since the start of 2015-16, MAP and Full Administration awards have gradually increased but overall levels remain low when compared with bankruptcy levels in 2008-09 and 2009-10.

Types of bankruptcy: debtor application

A person can apply to AiB to make themselves bankrupt through a debtor application. To apply for bankruptcy a person must have received money advice from a qualified money adviser (for example from a local authority money advice unit or Citizens Advice Bureau). The two types of debtor application for bankruptcy in Scotland are:

Minimal Asset Process (MAP): for people on a low income who do not own property and have very little in savings or other assets. Conditions for a MAP are if a person's debts are at least £1,500 and not more than £17,000, or own assets not exceeding £2,000. A debtor will be discharged after six months, if they continue to meet the MAP criteria, (cases will be converted to Full Administration where it is found that debtors do not meet MAP criteria). MAP replaced the LILA bankruptcy in April 2015.

Full Administration: when conditions set out in MAP are not met. Conditions for Full Administration are if a person's debts are over £3,000, or own assets valuing £2,000 or above.

Types of bankruptcy: creditor and trust deed petitions

A creditor or trustee under trust deed can apply, subject to conditions, to make a person bankrupt through a creditor or trust deed petition to a sheriff court. AiB only receives debtor applications for bankruptcy.
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 first quarter of 2018-19, The Accountant was appointed trustee in 1,043 cases awarded, 84% 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 2018-19 Q1, there were 1,099 debtors discharged and 1,375 trustees discharged.

Personal insolvency: protected trust deeds

There were 1,972 PTDs registered in 2018-19 Q1, a 27% increase on the same quarter in 2017-18. The number of PTDs have followed a similar trend to bankruptcies and have been increasing since 2014-15 Q4 (see chart 4).
As with awards of bankruptcies, the trend in PTDs registered is likely to be affected by legislative and operational changes. For example, the BADA(S) reforms, introduced from 1 April 2015, aligned the payment period in bankruptcy and PTDs to 48 months. Prior to this, those agreeing to a PTD were typically paying contributions for an additional year compared with those in bankruptcy. These changes have likely led to an increase in PTD activity levels. In 2018-19 Q1, more PTDs were registered than bankruptcy awards, as has been the case since 2015-16 Q1.

PTDs discharged

A debtor in a PTD 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 to be discharged.

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 first quarter of 2018-19, there were 973 debtors discharged and 1,705 trustees discharged.

Debt Arrangement Scheme

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. If the DPP is approved, all interest, fees and charges on the debt will be frozen and waived if the programme is completed in full.

Key terms

Insolvency Practitioner: a person (usually, but not necessarily, a chartered accountant) licensed and authorised to act as a trustee in sequestrations or trust deeds.

Trustee: person who administers a bankruptcy or trust deed. In sequestrations a trustee can be either the AiB or a private insolvency practitioner. In trust deeds, trustees must be an insolvency practitioner.

AiB 2017-18 corporate report

The AiB Annual Report and Accounts for 2017-18 will include a summary on insolvency statistics in 2017-18 and additional information on division of funds by bankruptcy type as well as local authority analysis. The 2017-18 annual report will be published later this year, available here.

We want your feedback

We welcome any feedback on any aspect of these statistics either by email (samuel.dickinson@gov.scot) or by completing a short online feedback form.
Approved DAS applications

In 2018-19 Q1, there were 648 approved DPP under DAS compared with the 597 approved in 2017-18 Q1 (see chart 5). Approved DAS DPPs increased year-on-year between 2006-07 and 2012-13 likely due to changes in legislation and improvements to the DAS Administrator’s IT system (see the background section for more information on legislative changes).

Chart 5. Approved DPP under DAS: Scotland, April to June 2006 to April to June 2018, quarterly data (table D1)

The sharp decrease in DAS approvals in 2015-16 (from 4,156 to 2,043) was likely due a number of reasons including legislative changes and the availability of DAS from insolvency practitioners. The attractiveness of DAS relative to other statutory debt solutions could have also been affected by changes to regulatory procedures, operated by the Financial Conduct Authority, in relation to money advisors and insolvency practitioners.

Completed DAS DPPs

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. There were 469 completed DAS DPPs in 2018-19 Q1, a 2.7% decrease when compared with 2017-18 Q1.

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

DAS applications and rejections

In the first quarter of 2018-19, 652 applications for a DAS DPP were received by AIB. In the same quarter, 34 applications were rejected. Rejected applications may subsequently be approved.

Variations to a DAS DPP

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. Variations can also include a change to the length of the DPP or attaching a new condition.

In the first quarter of 2018-19, 546 applications to vary a DPP under DAS were approved while 26 were rejected. The number of approved variations was 4.4% of live DAS cases.

Revocations to a DAS DPP

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 277 applications to revoke a DAS DPP were approved in the first quarter of 2018-19 and 285 were rejected. Overall, 267 or 2.2% of live DAS cases were revoked during 2018-19 Q1.
Amount repaid under DAS

In 2018-19 Q1, £9.5 million was repaid from debtors under DAS, similar to the £9.4 million repaid in 2017-18 Q1. Through DAS, creditors receive a minimum of 90% of the debt owed to them from debtors (after DAS Administrator and payment distributor fees). After these fees have been deducted £8.8 million was paid to creditors in 2018-19 Q1.

Corporate insolvency

AiB develops policy for certain aspects of corporate insolvency and is responsible for receiving and recording information on liquidations and receiverships of Scottish businesses, held in the Register of Insolvencies (RoI).

The RoI contains details of liquidation and receivership of Scottish businesses which are wound up by either a Sheriff Court or the Court of Session. AiB is required to be notified of all company liquidations and receiverships in Scotland.

The statistics presented below are based on the date the insolvency was registered on AiB’s administrative 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. The figures, therefore, reported by AiB may not exactly reflect the number of corporate insolvencies awarded or member voluntary liquidations registered in a quarter.

Table 3 shows corporate insolvencies by type between 2017-18 Q1 and 2018-19 Q1. The majority of corporate insolvencies are compulsory liquidations, which increased by 23% between 2017-18 Q1 and 2018-19 Q1. Creditors’ voluntary liquidations increased by 18% over the same period.

Table 3. Summary of corporate insolvencies and MVLs for April to June 2018 (2018-19 Q1): Scotland, quarterly data (table 4)

<table>
<thead>
<tr>
<th></th>
<th>2017-18 (r)</th>
<th>2018-19 (p)</th>
<th>2018-19 Q1 compared with 2017-18 Q1</th>
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<tbody>
<tr>
<td></td>
<td>Q1  Q2  Q3  Q4</td>
<td>Q1</td>
<td></td>
</tr>
<tr>
<td>Receiverships</td>
<td>0   0   0   1</td>
<td>3</td>
<td>-*</td>
</tr>
<tr>
<td>Compulsory liquidations</td>
<td>118  158  123  149</td>
<td>145</td>
<td>22.9%</td>
</tr>
<tr>
<td>Creditors’ voluntary liquidations</td>
<td>82   66   78   109</td>
<td>97</td>
<td>18.3%</td>
</tr>
<tr>
<td>Total corporate insolvencies</td>
<td>200  224  201  259</td>
<td>245</td>
<td>22.5%</td>
</tr>
<tr>
<td>Members’ voluntary liquidations</td>
<td>151  134  129  119</td>
<td>141</td>
<td>-6.6%</td>
</tr>
</tbody>
</table>

r: Previously published figures have been revised.
p: Figures for 2018-19 will remain provisional until validation following the end of the financial year.
There were 245 corporate insolvencies in 2018-19 Q1 compared with 200 in 2017-18 Q1 (see chart 6). Corporate insolvencies include receiverships appointments, compulsory liquidations and creditors’ voluntary liquidations.

The chart also shows the number of Members’ Voluntary Liquidations (MVLs). 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 appoint a liquidator to realise the assets of the business and distribute the proceeds among the company members. There were 141 MVLs in 2018-19 Q1 compared with 151 in 2017-18 Q1.
Scottish Insolvency Statistics in 2017-18

Statistics published in the previous quarter (2017-18 Q4) included provisional annual statistics for 2017-18. Following end of year validation, the final 2017-18 statistics are available here and summarised below.

Personal insolvencies in Scotland increased by 5.7% in 2017-18 when compared with the previous year. There were 10,602 personal insolvencies in 2017-18, 570 more personal insolvencies than in 2016-17 (see table 4 and chart 7). This increase was mainly due to PTDs, which increased by 8.9%. In each year since 2015-16, more PTDs have been registered than bankruptcy awards. Awards of bankruptcies increased by 1.8%. Further time series infographics are shown in the adjacent sidebar.

Table 4. Summary of Scottish Insolvency Statistics for 2017-18: Scotland, annual data (table D1)

<table>
<thead>
<tr>
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<th>2016-17</th>
<th>2017-18 (r)</th>
<th>2017-18 compared with 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankruptcies</td>
<td>4,562</td>
<td>4,644</td>
<td>1.8%</td>
</tr>
<tr>
<td>Protected Trust Deeds</td>
<td>5,470</td>
<td>5,958</td>
<td>8.9%</td>
</tr>
<tr>
<td>Total personal insolvencies</td>
<td>10,032</td>
<td>10,602</td>
<td>5.7%</td>
</tr>
<tr>
<td>Approved DPP under DAS</td>
<td>2,233</td>
<td>2,318</td>
<td>3.8%</td>
</tr>
<tr>
<td>Amount repaid under DAS (£ million)</td>
<td>37.3</td>
<td>37.6</td>
<td>0.7%</td>
</tr>
<tr>
<td>Total corporate insolvencies</td>
<td>846</td>
<td>884</td>
<td>4.5%</td>
</tr>
</tbody>
</table>

r: Previously published figures have been revised.

Chart 7. Statutory debt solutions by type: Scotland, 1996-97 to 2017-18, annual data (table D1)

Statutory debt solutions

[Chart showing trends in personal insolvencies and approved DPP under DAS from 1996-97 to 2017-18]
Infographic: April to June 2018 (2018-19 Q1)

Scottish Insolvency Statistics
April to June 2018 (2018-19 Q1)

Personal and corporate insolvencies

- **Personal insolvencies**
  - 3,208 personal insolvencies in 2018-19 Q1
  - 12% increase since 2017-18 Q1

- **PTDs and bankruptcies**
  - 61% of personal insolvencies were PTDs in 2018-19 Q1
  - 39% were bankruptcies in 2018-19 Q1

- **Corporate insolvencies**
  - 245 total corporate insolvencies in 2018-19 Q1
  - 23% increase since 2017-18 Q1

Key terms
- Personal insolvencies includes PTDs and bankruptcies.
- Types of bankruptcy include debtor applications, creditor and trust deed petitions.
- Protected trust deeds (PTDs) are a form of insolvency that transfers a debtor’s estate to a trustee.
- Debt Arrangement Scheme is a Scottish Government debt management plan that allows a debtor to repay their debts through a Debt Payment Programme (DPP).

Bankruptcies

- **Bankruptcies**
  - 1,236 bankruptcies awarded in 2018-19 Q1
  - 6.5% increase since 2017-18 Q1

- **Of which Debor applications awarded**
  - 913 debtor applications awarded in 2018-19 Q1
  - 5.2% increase since 2017-18 Q1

- **Of which Creditor petitions awarded**
  - 322 creditor petitions awarded in 2018-19 Q1
  - 10% increase since 2017-18 Q1

Protected trust deeds

- **PTDs registered**
  - 1,972 PTDs registered in 2018-19 Q1
  - 27% increase since 2017-18 Q1

- **PTDs and bankruptcies**
  - 973 debtors discharged in 2018-19 Q1
  - 1,705 trustees discharged in 2018-19 Q1
  - Since 2015-16 Q1, more PTDs registered than bankruptcy awards

Debt Arrangement Scheme

- **DAS DPPs approved**
  - 648 DAS DPPs approved in 2018-19 Q1
  - 8.5% increase since 2017-18 Q1

- **DAS DPPs completed**
  - 469 DAS DPPs completed in 2018-19 Q1

- **£9.5 million repaid through DAS in 2018-19 Q1**

- **12,351 DAS live cases at the end of 2018-19 Q1**

The quarterly statistical release is available here: www.aib.gov.uk/about-aib/statistics-data/quarterly-reports
Background information

These official statistics provide key information on personal and corporate insolvencies in Scotland. Official statistics are produced by professionally independent statistical staff. Further information on the standards of official statistics in Scotland is available here.

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 of the court order, agreement of the insolvency procedure or approval date.

For creditor petitions, 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. 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.

DPP under DAS statistics are based on the date the DPP was approved. Corporate insolvencies are based on the date the insolvency was registered in AiB’s administrative recording system.

Revisions

Revisions are usually made 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.

From 2018-19 Q1, scheduled revisions will occur every quarter, which will provide users with data in a more timely manner and improve the accuracy of provisional estimates as more information becomes available. On the first release of the quarterly statistics, all new quarterly data are given provisional status and labelled with ‘p’. These statistics will remain provisional until the data is finalised (i.e. no planned revisions). Any revisions that occur will be clearly marked with ‘r’ and an explanatory footnote in the relevant table. As is the current policy, revisions made for any other reason will be highlighted separately. Finalised figures will be published in the first quarter of the next financial year as the current policy states. Further details on the new revisions policy for scheduled revisions is shown in the table below.
Scheduled revisions for Quarterly Scottish Insolvency Statistics

<table>
<thead>
<tr>
<th>Publication edition</th>
<th>Scheduled revisions</th>
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<tbody>
<tr>
<td>April to June</td>
<td>First release of April to June data. Data from previous April until following March finalised.</td>
</tr>
<tr>
<td>July to September</td>
<td>First release of July to September data. Revise period April to June.</td>
</tr>
<tr>
<td>October to December</td>
<td>First release of October to December data. Revise period April to September.</td>
</tr>
<tr>
<td>January to March</td>
<td>First release of January to March data. Revise period April to December.</td>
</tr>
</tbody>
</table>

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 DAS, 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.

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 statutory insolvency in Scotland.

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.
The number of corporate insolvencies are based on the date the insolvency was registered on AiB corporate insolvency recording system (BASYS). The corporate insolvency figures will be influenced by, for example, the late reporting of orders which may lead to a quarter’s figures containing cases awarded in 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 make sure 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 corporate report. These numbers may differ slightly to those reported throughout the year but the quarterly statistics are subsequently revised to match.

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.

Overall, the annual corporate report and quarterly official statistics 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 fourth 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 of the data extracts, tabulating records and completing the compilation of the statistical release.

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 data requests.

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.
**Insolvency legislation**

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 type of 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 type of 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.

DAS is administered by AiB. A DPP 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. A DAS DPP can last for any reasonable length of time and, if approved, will freeze all interest, fees and charges on the debt included, resulting in them being waived if the individual fully complete the programme.

The legislation relating to DAS is contained in the Debt Arrangement and Attachment (Scotland) Act 2002 and subsequent regulations. The Debt Arrangement Scheme (Scotland) Regulations 2011 increased access to allow more debtors to apply for a debt payment programme under DAS and simplified the process, forms and notices. The Debt Arrangement Scheme (Scotland) Amendment Regulations 2014 made provision for the application of the Common Financial Tool to individuals using the DAS scheme and required all qualifying debts to be included in an application by the debtor.

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.
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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.

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How to access background or source data

The data collected for this statistical bulletin are available on the AIB Statistics webpages at www.aib.gov.uk/about-aib/statistics-data/quarterly-reports

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, available at: https://services.aib.gov.uk/dasregister/

Complaints and suggestions

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