Scottish Insolvency Statistics: January to March 2019 (2018-19 Quarter 4)

24 April 2019
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 24 July 2019.

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 in these statistics.

Provisional estimates show that in 2018-19 personal insolvencies in Scotland increased by 20.5% to 12,779 from 10,602 in 2017-18.

Personal insolvencies (bankruptcies and protected trust deeds (PTDs)) rose for the third consecutive year but remain below levels seen between 2006-07 and 2013-14 (see chart 1).

For another type of statutory debt solution, the Debt Arrangement Scheme (DAS), there were 2,544 Debt Payment Programmes (DPPs) approved in 2018-19, 226 more than a year earlier (shown in chart 1). Corporate insolvencies increased from 884 in 2017-18 to 966 in 2018-19.


We want your feedback
We welcome any feedback on any aspect of these statistics either by completing a short online feedback form or by email.

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Next update
24 July 2019

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Main points for January to March 2019

There were 3,272 personal insolvencies in 2018-19 Q4, more than the 2,533 recorded in 2017-18 Q4 (see table 1 and chart 2). Bankruptcies increased by 14.4% when compared with the same quarter in the previous year. PTDs increased by 40.0% over the same period and was the main contributor to the overall increase in personal insolvencies.

There were 597 approved DAS applications compared with 489 for the same quarter from 2017-18 (also shown in chart 2).

Corporate insolvencies increased from 259 in 2017-18 Q4 to 280 in 2018-19 Q4.

Table 1. Summary of Scottish Insolvency Statistics for January to March 2019 (2018-19 Q4): Scotland, quarterly data (table D1)

<table>
<thead>
<tr>
<th></th>
<th>2017-18</th>
<th>2018-19 (r, p)</th>
<th>2018-19 Q4 compared with 2017-18 Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankruptcies</td>
<td>1,322</td>
<td>1,247</td>
<td>1.272</td>
</tr>
<tr>
<td>Protected trust deeds</td>
<td>1,547</td>
<td>1,970</td>
<td>1.230</td>
</tr>
<tr>
<td>Total personal insolven</td>
<td>2,869</td>
<td>3,217</td>
<td>1.142</td>
</tr>
<tr>
<td>Approved DPP under DAS</td>
<td>597</td>
<td>646</td>
<td>1.206</td>
</tr>
<tr>
<td>Amount repaid under DAS (£ million)</td>
<td>9.4</td>
<td>9.5</td>
<td>22.1%</td>
</tr>
<tr>
<td>Total corporate insolv</td>
<td>200</td>
<td>245</td>
<td>29.2%</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.

Chart 2. Statutory debt solutions by type: Scotland, April to June 2006 to January to March 2019, quarterly data (figures for 2018-19 provisional) (table D1)

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.

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 Q4 compared with 2017-18 Q4) rather than making quarter-on-quarter comparisons.

Data used in this release

The data used in this statistical release are available here.
Main points for the financial year 2018-19

Provisional results for 2018-19 show that there were 12,779 personal insolvencies, 2,177 more personal insolvencies than in 2017-18 (see table 2). This increase was due to PTDs, which increased by 32.9%. In each year since 2015-16, more PTDs have been registered than bankruptcy awards.

Awards of bankruptcies increased by 4.7%. It is important to note that these provisional results will not be finalised until 24 July 2019. The late reporting of creditor petitions, in particular, may lead to differences between first provisional estimates and actual finalised figures. For example, the provisional 2017-18 bankruptcies estimate was 4,540 and then finalised to 4,644, a difference of 2.3% mainly due to creditor petitions revisions.

Table 2. Summary of Scottish Insolvency Statistics for 2017-18 and 2018-19: Scotland, annual data (table D1)

<table>
<thead>
<tr>
<th></th>
<th>2017-18</th>
<th>2018-19</th>
<th>2018-19 compared with 2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankruptcies</td>
<td>4,644</td>
<td>4,862</td>
<td>4.7%</td>
</tr>
<tr>
<td>Protected trust deeds</td>
<td>5,958</td>
<td>7,917</td>
<td>32.9%</td>
</tr>
<tr>
<td>Total personal insolvencies</td>
<td>10,602</td>
<td>12,779</td>
<td>20.5%</td>
</tr>
<tr>
<td>Approved DPP under DAS</td>
<td>2,318</td>
<td>2,544</td>
<td>9.7%</td>
</tr>
<tr>
<td>Amount repaid under DAS (£ million)</td>
<td>37.6</td>
<td>37.1</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Total corporate insolvencies</td>
<td>884</td>
<td>966</td>
<td>9.3%</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.

Chart 3 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. Further time series infographics are shown in the adjacent sidebar.

Chart 3. Quarterly and cumulative personal insolvencies: Scotland, April 2017 to March 2018 and April 2018 to March 2019 (provisional), quarterly data (table D1)
Personal insolvency: Awards of bankruptcy

Bankruptcies in 2018-19 Q4 increased when compared with the same quarter in the previous year. There were 1,223 bankruptcies awarded in 2018-19 Q4, a 14.4% increase when compared with 2017-18 Q4.

Of the 1,223 awards of bankruptcy in 2018-19 Q4, 82.7% came from debtor applications. The remaining bankruptcies came from creditor petitions (16.9%) and trust deed petitions (0.3%).

Creditor petitions decreased from 298 in 2017-18 Q4 to 207 in 2018-19 Q4. 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. Under the current revisions policy quarterly creditor petitions figures are revised quarterly to account for late reporting or missing cases.

Awards of bankruptcy: debtor applications

Debtor applications for bankruptcy increased by 31.3% from 771 in 2017-18 Q4 to 1,012 in 2018-19 Q4. There are two types of debtor applications for bankruptcy: MAP or Full Administration. Full Administration bankruptcies increased by 34.6% from 338 to 455 and MAP bankruptcies increased by 28.6% from 433 to 557.

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 4 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 a 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 fourth quarter of 2018-19, The Accountant was appointed trustee in 1,048 cases awarded, 85.7% 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 Q4, there were 962 debtors discharged and 1,420 trustees discharged.

Personal insolvency: Protected trust deeds

There were 2,049 PTDs registered in 2018-19 Q4, a 40.0% 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 5).
Chart 5. Personal insolvencies by type: Scotland, April to June 2005 to January to March 2019, quarterly data (figures for 2018-19 provisional) (table D1)

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 Q4, 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 fourth quarter of 2018-19, there were 991 debtors discharged and 1,515 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 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 is available here.
Approved DAS applications

In 2018-19 Q4, there were 597 approved DPPs under DAS compared with the 489 approved in 2017-18 Q4 (see chart 6). 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 6. Approved DPP under DAS: Scotland, April to June 2006 to January to March 2018, quarterly data (figures for 2018-19 provisional) (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 advisers 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 413 completed DAS DPPs in 2018-19 Q4, a 2.2% increase when compared with 2017-18 Q4.

The volume of DAS completions will depend on activity levels several years earlier with the average length of a DPP under DAS being around seven years. We can expect a lower but steady volume of completions in line with current applications approved compared with previous completion levels.

DAS applications and rejections

In the fourth quarter of 2018-19, 651 applications for a DAS DPP were received by AIB. In the same quarter, 28 applications were rejected.

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 fourth quarter of 2018-19, 657 applications to vary a DPP under DAS were approved while 35 were rejected. The number of approved variations was 5.4% 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 313 applications to revoke a DAS DPP were approved in the fourth quarter of 2018-19 and 141 were rejected. Overall, 325 or 2.7% of live DAS cases were revoked during 2018-19 Q4.
Amount repaid under DAS

In 2018-19 Q4, £9.4 million was repaid from debtors under DAS, similar to the £9.3 million repaid in 2017-18 Q4. Through DAS, creditors receive a minimum of 90% of the debt owed to them from debtors (after DAS Administrator and payments distributor fees). After these fees have been deducted £8.7 million was paid to creditors in 2018-19 Q4.

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 insolencies awarded or member voluntary liquidations registered in a quarter.

Table 3 shows corporate insolvencies by type between 2017-18 Q1 and 2018-19 Q4. The majority of corporate insolencies are compulsory liquidations, which increased by 34.2% between 2017-18 Q4 and 2018-19 Q4. The annual change in corporate insolvencies was 9.3% from 884 in 2017-18 to 966 in 2018-19.

Table 3. Summary of corporate insolencies and MVLs for January to March 2019 (2018-19 Q4): Scotland, quarterly data (table D1)

<table>
<thead>
<tr>
<th></th>
<th>2017-18</th>
<th>2018-19 (p)</th>
<th>2018-19 Q4 compared with 2017-18 Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
</tr>
<tr>
<td>Receiverships</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Compulsory liquidations</td>
<td>118</td>
<td>158</td>
<td>123</td>
</tr>
<tr>
<td>Creditors’ voluntary liquidations</td>
<td>82</td>
<td>66</td>
<td>78</td>
</tr>
<tr>
<td>Total corporate insolvencies</td>
<td>200</td>
<td>224</td>
<td>201</td>
</tr>
<tr>
<td>Members’ voluntary liquidations</td>
<td>151</td>
<td>134</td>
<td>129</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.
*: 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.

DAS outcomes

The AiB annual report for 2017-18 includes details on the outcome of DAS cases awarded since 2005-06, available here.

Devolved and reserved elements

AiB is responsible for devolved elements of corporate insolvency, including: development of policy on liquidation and receivership, and the management and maintenance of the RoI.

Reserved elements remain the responsibility of the UK Government and are dealt with by The Insolvency Service, an executive agency sponsored by the Department for Business, Energy & Industrial Strategy. Reserved elements include: company voluntary arrangements, administration, legal effects of liquidation and regulation of insolvency practitioners. Statistics on these reserved elements are available from The Insolvency Service.

Coherence with The Insolvency Service

Corporate insolvency statistics from AiB differ from equivalent statistics from The Insolvency Service, who source their data from Companies House. Differences are mainly due to AiB using its own administrative system’s data rather than the start date of the insolvency.
There were 280 corporate insolvencies in 2018-19 Q4 compared with 259 in 2017-18 Q4 (see chart 7). 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 137 MVLs in 2018-19 Q4 compared with 119 in 2017-18 Q4.

Key terms
Receivership appointments: a receiver is appointed by a lender holding a charge over some or all of the company’s assets. The main responsibilities of a receiver are to ensure the appointing lender is paid off.

Compulsory liquidation: or winding up by the court is a procedure by which the assets of a company are sold, and the proceeds are distributed to the company’s creditors. A court order is required to put a company into compulsory liquidation.

Creditors’ voluntary liquidation: a director can propose a creditors’ voluntary liquidation if the company can’t pay its debts (it’s ‘insolvent’) or enough shareholders agree. This means the company will stop trading and be liquidated (‘wound up’).

Members’ voluntary liquidation: the shareholders of a solvent company adopt a voluntary winding up resolution and appoint a liquidator to realise the assets of the business in order to distribute the proceeds to company members. A company is considered legally solvent when it is able to meet its financial obligations and the value of its assets.
Infographic: January to March 2019 (2018-19 Q4)
Scottish Insolvency Statistics
January to March 2019 (2018-19 Q4)

Personal and corporate insolvencies

**Personal insolvencies**
- 3,272 personal insolvencies in 2018-19 Q4
- 29.2% since 2017-18 Q4

**PTDs and bankruptcies**
- 62.6% of personal insolvencies were PTDs in 2018-19 Q4
- 37.4% were bankruptcies in 2018-19 Q4

**Corporate insolvencies**
- 280 total corporate insolvencies in 2018-19 Q4
- 8.1% since 2017-18 Q4

**Key terms**
- Personal insolvencies includes bankruptcies and protected trust deeds (PTDs).
- Types of bankruptcy include debtor applications, creditor and trust deed petitions.
- 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**
- 1,223 bankruptcies awarded in 2018-19 Q4
- 14.4% since 2017-18 Q4

**Of which Debitr applications awarded**
- 1,012 debtor applications awarded in 2018-19 Q4
- 31.3% since 2017-18 Q4

**Of which Creditor and trust deed petitions awarded**
- 211 petitions awarded in 2018-19 Q4
- 29.2% since 2017-18 Q4

- 962 debtors discharged in 2018-19 Q4
- 1,420 trustees discharged in 2018-19 Q4
- 85.7% of bankruptcies where A&B appointed trustee in 2018-19 Q4

Protected trust deeds

**PTDs registered**
- 2,049 PTDs registered in 2018-19 Q4
- 40.0% since 2017-18 Q4

**Debt Arrangement Scheme**

**DAS Debt Payment Programmes approved**
- 597 DAS DPPs approved in 2018-19 Q4
- 22.1% since 2017-18 Q4

- 413 DAS DPPs completed in 2018-19 Q4
- £9.4 million repaid through DAS in 2018-19 Q4
- 12,167 DAS live cases at the end of 2018-19 Q4
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, DPPS under DAS 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>
</tr>
</thead>
<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 the 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 UK Insolvency Service’s Insolvency Statistics publications, 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.
An Official Statistics publication for Scotland

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

If you are not satisfied with our service or have any comments or suggestions, please write to the: Chief Statistician, 2W, St Andrews House, Edinburgh, EH1 3DG
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