

Scottish Statutory Debt Solutions Statistics:

September 2020

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Authors: Catherine McAuley and Ken O'Neill

Responsible statistician: Ken O'Neill (aib_statistics@gov.scot)

Data used in this release: <https://www.aib.gov.uk/scottish-statutory-debt-solutions-statistics>

Experimental Statistics: These statistics are currently being developed in order to provide information faster as they are needed to respond to the impact of the COVID-19 pandemic on our economy and society.

Provisional figures: All figures for April 2020 onwards remain provisional until final validation (Summer 2021).

No seasonal adjustment: The data used in this release are not seasonally adjusted. We recommend to use year-on-year comparisons (for example April 2019 and April 2020 etc.) rather than making month-on-month comparisons.

We want your feedback: We welcome any feedback on any aspect of these statistics by email.

Main points for September 2020 (compared with September 2019)

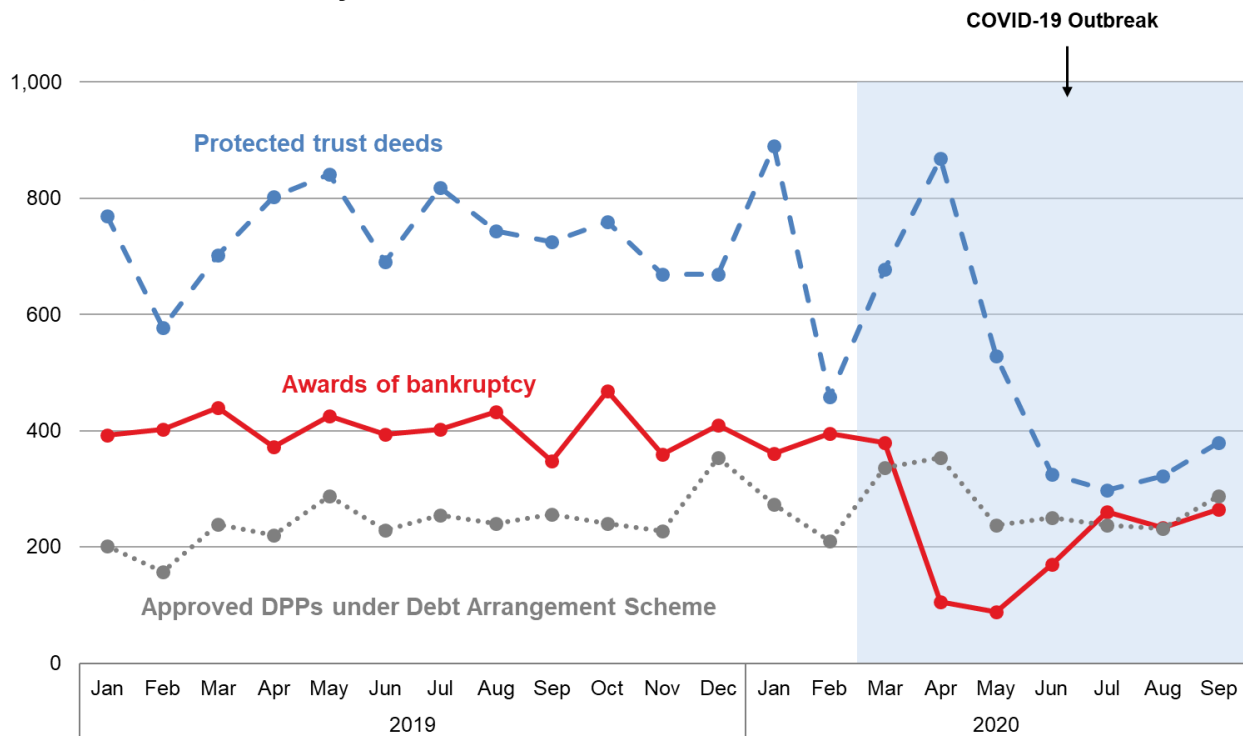
- There were 645 personal insolvencies (bankruptcies and protected trust deeds (PTDs)) in September 2020, 428 (39.9%) fewer than in September 2019.

- Bankruptcies decreased by 23.9% in September 2020 when compared with September 2019.

(It is important to note that these provisional results will not be finalised until final validation. The late reporting of creditor petitions, in particular, may lead to differences between first provisional estimates and actual finalised figures.)

- PTDs decreased by 47.6% over the same period.
- There were 287 approved Debt Payment Programmes (DPPs) under Debt Arrangement Scheme in September 2020 compared with 256 for September 2019, an increase of 12.1%.

Chart: Scottish Statutory Debt Solutions by type: Scotland, since January 2019



Main points for January to September 2020 (compared with January to September 2019)

- There were 7,003 personal insolvencies in the year to the end of September 2020, 3,275 (31.9%) fewer than in the same period the year before.
- Bankruptcies decreased by 37.5% in the year to the end of September 2020 when compared with the same period the year before.
- PTDs decreased by 28.8% over the same period.
- There were 2,417 approved DPPs under Debt Arrangement Scheme in the year to the end of September 2020 compared with 2,085 for the same period the year before, an increase of 15.9%.

Main points for the analysis of the impact of emergency measures

The introduction of new provisions on the statutory moratorium and the revised fee structures in place for accessing bankruptcy are part of emergency measures brought in by both the Coronavirus (Scotland) Act 2020 and the Coronavirus (Scotland) (No.2) Act 2020:

- As at 30 September 2020, 621 applications for moratoria had been granted under the new powers.
- There were 199 applications for moratoria granted in September 2020 under the new legislation, 123 more than in September 2019 under the previous provisions.
- In the period between 27 May and 30 September 2020, there were 845 new applications for bankruptcy which benefitted from the reduced application fee – 670 (79.3%) of which paid no application fee at all.

Summary of Emergency Legislation – <https://www.aib.gov.uk/covid-19-emergency-legislation>

Things you need to know about this release

This monthly release contains the latest statistics on statutory debt solutions in Scotland. The statistics are compiled by Accountant in Bankruptcy (AiB), an executive agency of the Scottish Government, and are derived from AiB administrative records.

Following end of year validation, estimates for April 2019 to March 2020 are final. Estimates for April 2020 to March 2021 are provisional until final figures are expected to be published in Summer 2021.

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.

These statistics presented in this release have been classed as ‘experimental’ - see below for more information on Experimental Statistics. The work programme has focused on user needs, completeness of the data collected and quality assurance processes.

Why this release is being published?

The production and publication of the Scottish Insolvency Statistics reports are temporarily suspended until further notice

This action was necessary due to an urgent shift of resource within Scottish Government to help manage immediate issues arising from the COVID-19 outbreak.

However, Accountant in Bankruptcy (AiB) produces data and statistics to support decision-makers in Scotland and our trusted, impartial information is more important now than ever.

The COVID-19 outbreak is a significant challenge for the UK and we are working to ensure that AiB continues to produce vital data and statistics needed to respond to the impact of this pandemic on our economy and society.

This means we will need to ensure that information is provided faster, and we need to change how we produce and publish in order to ensure we provide the information necessary as the situation unfolds.

The changes to our work could affect the quality of some of our statistics, such as lower accuracy, or it could mean there is less detail available due to lack of resources.

Decisions will be made on a case by case basis, taking into account what information is currently relevant given the situation, with the three pillars of the Code of Practice for Statistics (Trustworthiness, Quality and Value) guiding our decisions. Giving everyone access to statistics at the same time remains a fundamental principle of the Code, but where this cannot be maintained we will be open and transparent about this and any other potential effects on our statistics.

What are “Experimental Statistics”?

Experimental statistics are a type of official statistics that are undergoing development. This is the first time Accountant in Bankruptcy (AiB) has produced monthly statistics on

statutory debt solutions where the experimental statistics label has been used with the aim for compliance with the Code of Practice for Official Statistics.

Experimental statistics and the Code of Practice: Defined in the Code of Practice for Official Statistics - <https://www.statisticsauthority.gov.uk/code-of-practice/> - as 'statistics undergoing evaluation and published to involve users and stakeholders in their development'. The Code promotes and supports the release of experimental statistics to involve users in their development at an early stage and achieve continuous improvement in statistical processes.

It is possible, however, that the statistics will not be fully compliant in all areas due to their nature as 'data being developed'.

Background Information

On the relevance of this release, the figures produced by AiB are the most complete record of the number of statutory debt solutions in Scotland. However, these figures 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).

On the accuracy and completeness of this release, all statutory debt solution 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 number of statutory debt solutions 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.

Can figures in this release be compared with published official statistics in Scottish Insolvency Statistics reports?

Figures for April 2020 and later presented in this release remain provisional. Therefore, caution is needed when interpreting these figures.

With this caveat in mind, both sets of quarterly and annual figures can be compared. Detailed time-series data for the latest Official Statistics publication can be found in the following link:

<https://www.aib.gov.uk/scottish-insolvency-statistics-october-december-2019-2019-20-quarter-3>