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The Insolvency Service has published the official insolvency statistics for England and Wales for the first quarter of 2010.

INSOLVENCY STATISTICS MONITOR

COMPANY INSOLVENCIES

Compulsory liquidations

The number of winding up orders made by the courts in the quarter was 1,314, down by 1.3% on the previous quarter, and a reduction of 14.8% on the same period in 2009.

2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	Percentage change Q1 2010 on:	
					2009 Q1	2009 Q4
1,543	1,480	1,289	1,331	1,314	-14.8	-1.3

Creditors' voluntary liquidations (CVLs)

The number of creditors' voluntary liquidations in the quarter was 2,768, a decrease of 11.4% on the previous quarter, and 19.1% on the first quarter of 2009.

2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	Percentage change Q1 2010 on:	
					2009 Q1	2009 Q4
3,422	3,561	3,326	3,126	2,768	-19.1	-11.4

Receiverships, administrations & company voluntary arrangements (CVA's)

The number of receiverships, administrations and CVA's registered at Companies House in the quarter was 1,343, a decrease of 8.3% on the previous quarter. Overall the figures show a decrease of 24.6% on the first quarter of 2009.

2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	Percentage change Q1 2010 on:	
					2009 Q1	2009 Q4
1,783	1,529	1,578	1,465	1,343	-24.6	-8.3

INDIVIDUAL INSOLVENCIES

Bankruptcies

The number of bankruptcy orders made by the courts against individual debtors in the quarter was 18,256, an increase of 7.3% on the previous quarter, but down 10.7% on the corresponding period in 2009.

2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	Percentage change Q1 2010 on:	
					2009 Q1	2009 Q4
20,446	18,870	18,347	17,007	18,256	-10.7	7.3

Debt Relief Orders

Debt relief orders were introduced in April 2009, for individual debtors with few, if any, assets or surplus income and relatively modest liabilities. A total of 5,644 orders were made in the quarter.

2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	Percentage change Q1 2010 on:	
					2009 Q1	2009 Q4
-	1,978	4,505	5,348	5,644	n/a	5.5%

Individual voluntary arrangements (IVA's)

The number of individual voluntary arrangements in the quarter was 11,782, a reduction of 10.9% on the previous quarter, but an increase of 20.1% on the first quarter of 2009.

2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	Percentage change Q1 2010 on:	
					2009 Q1	2009 Q4
9,807	12,225	12,390	13,219	11,782	20.1	-10.9

Source: The Insolvency Service

COMMENTARY

The figures show that the number of company failures as measured by liquidations, after remaining broadly stable for several years, increased substantially in 2008 and again in 2009, which saw the highest number of liquidations since 1993. Whilst too much should not be read into a single quarter's figures, at first sight the rate of liquidations may have stabilised for the time being.

The number of administrative receiverships, administrations and company voluntary arrangements, which are intended to be procedures aimed at rescuing all or parts of businesses, also declined slightly in the quarter.

Whilst the UK economy is now formally emerging from recession, and it is clear that tentative green shoots are starting to appear, many businesses are at best struggling. History suggests that insolvencies (and unemployment) are lagging indicators, and that the peak level of insolvencies tends to occur some 18 months to two years after GDP stops shrinking. The formal figures for the quarter may mask an increase in March after declines in January and February. Certainly, notwithstanding the official figures, our experience is that we have seen a perceptible increase in instructions since the start of the year, and we anticipate a further increase in company failures as the year proceeds.

As we continually remind our contacts, where businesses in difficulties take sound, professional advice in good time, instead of leaving things until the problems become insurmountable, there is often a good prospect of recovering at least part of what might otherwise have seemed a hopeless case.

The number of individual insolvencies continues to run at an extraordinary rate, reaching a new record of 35,682 in the first quarter of 2010. That equates to more than 500 people entering one or other of the formal insolvency procedures every working day.

As with company failures, we anticipate a further increase in personal insolvencies in the year ahead.

IMPORTANT NOTE:

This briefing note is intended for general information only. It is not, and does not purport to be, a comprehensive statement of the law. It is not a substitute for specific advice which should be sought for specific cases. We cannot accept responsibility for any action (or decision not to take action) made in reliance on the content of this publication.

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