



The Insolvency
Service

Money Advice Liaison Group: April 2018: Update from The Insolvency Service

Official Receiver Services (ORS) update

Case numbers – Quarter 1 2018 stats release 27 April 2018

Compulsory liquidations: The number of compulsory liquidations in Q1 2018 rose by 26.3% on the previous quarter to 783, but fell by 6.6% from Q1 2017.

Bankruptcy Orders:

In Q1 2018 there were 4,188 bankruptcies, an increase of 9.6% on 2017 Q4 and a 9.3% increase on 2017 Q1.

In Q1 2018, 3,219 bankruptcies were made on the application of the debtor, which was 6.8% higher than the previous quarter and 8.6% higher than the same quarter in 2017.

There were 938 creditor petition bankruptcies in Q1 2018, which was 13.5% higher than the previous quarter and 10.8% higher than the same quarter in 2017. In 2015 there was a change in the minimum debt a creditor must be owed to make someone bankrupt, which increased from £750 to £5,000 for petitions presented from 1 October 2015. This change has led to a longer term decrease in the number of creditor petition bankruptcies.

Debt Relief Orders:

There were 6,524 DROs in Q1 2018. DROs increased by 1.3% on the quarter and rose by 6.9% on the year.

Next release 27 July 2018

Any feedback on operational delivery by Official Receiver Services invited

Investigation and Enforcement Division (IES) Update

Enforcement Outputs

Details of press notices covering our enforcement action can be found at:

<https://www.gov.uk/government/announcements?departments%5B%5D=insolvency-service>

Our enforcement results are published monthly as official statistics and can be found at:

<https://www.gov.uk/government/collections/insolvency-service-enforcement-outcomes>

Headline figures for the financial year 2017/18 (April to March)

Director disqualifications:

- 1,231 director disqualifications were obtained:
 - the average period of disqualification was 5.7 years
 - around 8% of directors were disqualified for a period in excess of 10 years, with some 46% disqualified for a period longer than 5 years
 - for each director disqualified, we have saved creditors from losing over £100,000

Trading company investigations:

- 160 live company investigations completed
- 92 disclosures to other regulars made

Criminal prosecutions:

- 394 criminal referrals

Bankruptcy & Debt Relief Order Restrictions:

- 444 restrictions secured:
 - the average period of restriction was 5 years
 - 28.4% of restrictions were for over 5 years

Disqualifications

- Recent disqualification results include:
 - Two directors involved in a Cheltenham based debt management business have been disqualified for a total of 11½ years for causing distress to members of the public who were already in financial difficulty.
 - 12 years disqualification for the director of a Halifax-based marketing company which made unsolicited calls for direct marketing purposes.
 - The director of a Brighton-based film production company that raised £5 million from investors for a film not made has been disqualified for 13 years.
 - Five directors from a Swansea claims management firm have been disqualified for a total of 28 years as the company had failed to repay upfront fees to clients who were due a refund.

Live Company Investigations

- Included amongst the 70 companies wound up in the public interest between April 2017 and February 2018 following our investigations:
 - Nine connected companies (the Rigil group) who purported to provide advice and business recovery services to directors of insolvent companies were placed into provisional liquidation in December 2017, following which they were wound up in February 2018.

Bankruptcy – Restrictions

- A former Birmingham solicitor has had his bankruptcy restriction extended for 6 years after he gifted away his assets before declaring himself bankrupt and unable to pay creditors.
- 11 years bankruptcy restriction for a Leicester man who gambled money borrowed from family by making false representation to obtain funds of £390,000.

Views invited on the information interested stakeholders would like to receive about our activities

Business Services Directorate (BSD) update

Redundancy Payments Services (RPS)

The number of redundancy claims (RP1 & RP2) received between January 2018 and February 2018 was 20,048.

We met both of our timeliness targets of actioning all claims within 16 days and paying 95% within 6 weeks.

From 1 May 2016 all claims are submitted online via our online service. Digital take up is now 100% with less than 1% requiring the assisted digital support offered by the agency. The result of assistant digital and RPS digital claims has provided the RPS with positive feedback from our customers.

Communications update

The Insolvency Service Newsletter

We continue to publish our [quarterly Stakeholder Newsletter](#). If you have a suggestion for a particular issue or topic to be covered, please email stakeholder@insolvency.gsi.gov.uk. To subscribe to the newsletter, please click [here](#).

Views on content of the Stakeholder Newsletter would be welcome

Annual Report and Accounts

This was published on the 13th July 2017 and can be found at –

<https://www.gov.uk/government/publications/insolvency-service-annual-report-and-accounts-2016-to-2017>

Policy Update

Breathing Space

The Government is fully committed to implement a breathing space scheme. Breathing Space would give heavily indebted consumers a period of up to six weeks of respite from creditor action to seek debt advice and enter a sustainable solution to their debts. The Government also plans to introduce a statutory debt management plan alongside a breathing space, enabling consumers to pay unaffordable debts off over a more manageable period. The government will consult on a single policy proposal in the summer.

EU/International developments

Negotiations are continuing on the Commission's proposals published in November 2016 for a Directive on minimum harmonised standards for restructuring, second chance and insolvency procedures. The proposals include:

- Access to early warning tools for businesses to detect the financial distress;
- A set of common, core elements for preventive restructuring frameworks to give debtors in financial difficulty effective access to procedures facilitating the negotiation and adoption of a restructuring plan while limiting the courts' involvement to where it is necessary;
- Minimum provisions on discharge of debt for over-indebted honest entrepreneurs after a period of no more than 3 years;
- Measures to increase the efficiency of restructuring, insolvency and discharge procedures; and
- Minimum rules on data collection by Member States allowing for the monitoring of restructuring, insolvency and second chance.

Exiting the EU

The UK has published its position paper "Providing a cross-border civil judicial cooperation framework", setting out its view that cooperation on civil judicial matters is beneficial for citizens and businesses in both the UK and the EU. Within that wider topic, we believe that it is important to maintain cooperation with Europe on insolvency matters, and so ensure that when financial failure occurs it is handled efficiently. The negotiations with the EU are ongoing and are now moving into the second phase where we will discuss our future relationship with the EU.

Review of pre-pack administrations

The Government announced in December last year that it has begun an assessment of the impact of the 2015 voluntary industry reforms to improve the transparency of pre-pack administrations. The assessment will feed into consideration of whether to use the sunset power in the Small Business, Enterprise and Employment Act 2015 to regulate sales to connected parties in administration, prior to the power's expiration in May 2020.

Corporate Review

Since publication of the summary of responses to this consultation, we have continued to engage with a wide range of interested parties to further discuss and explore issues raised. Government's response will be published later this year. We continue to participate in the ongoing negotiations on the proposals on the draft **EU Directive on business rescue**.

Insolvency and Corporate Governance review

Launched on 20 March, this consultation looks to improve corporate governance in companies when they are in, or are approaching, insolvency, and seeks views on some areas where existing rules and processes could be updated to keep up with developing business practice. In particular it considers the actions of directors of holding companies which sell subsidiaries in distress, schemes which result in the value of a distressed company being withdrawn prior to insolvency, and investigation of the conduct of directors of dissolved companies. It also asks questions about the strengthening of corporate governance, including areas such as internal controls in complex company groups, the position of the shareholders of a company as its stewards, the legal and technical framework for dividend payments, professional advice, and protection of supply chain creditors. The consultation closes on 11 June.

IP Regulation

The focus of our work continues to be large IVA providers and evaluating whether to exercise the power to introduce a single insolvency regulator, which would be subject to public consultation and parliamentary approval.