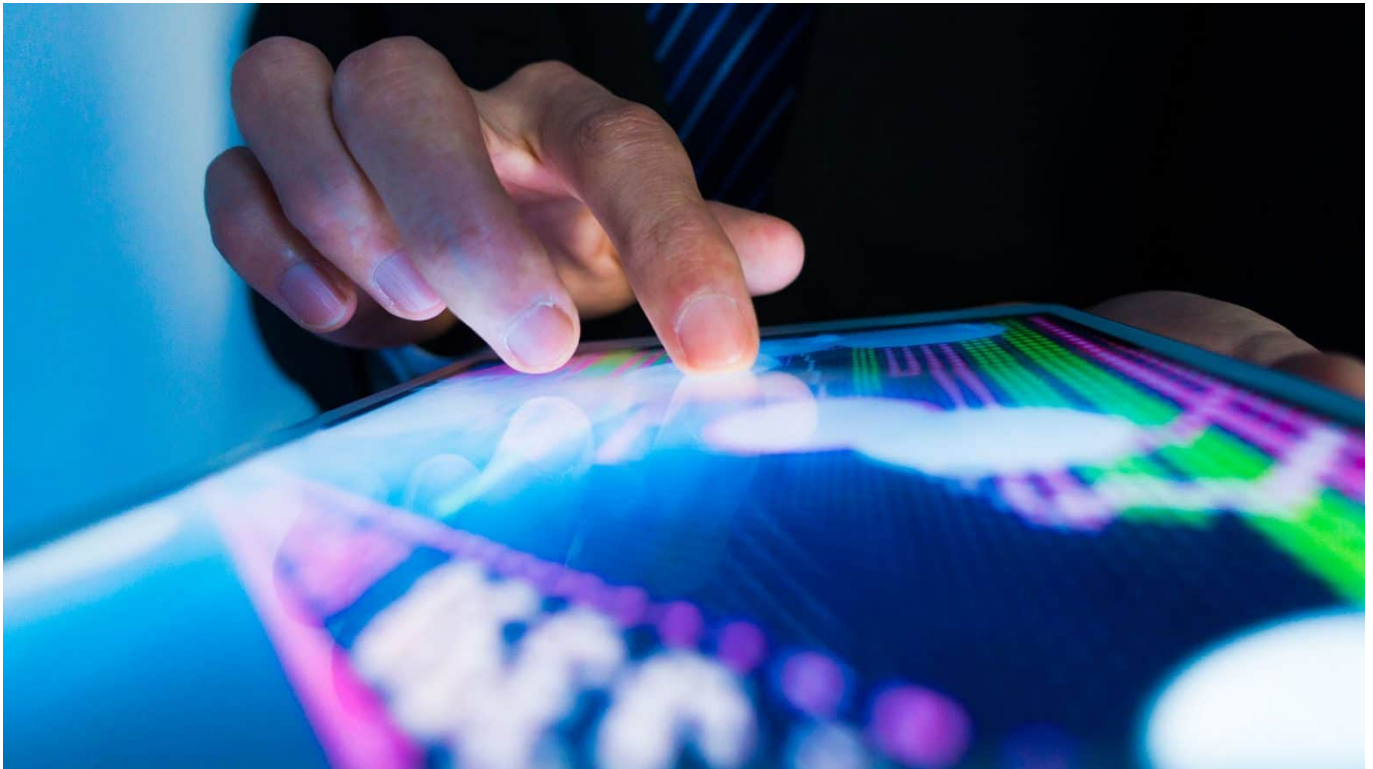


## Insolvency statistics – where are we and what does the landscape for 2024 look like?

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The final company and personal insolvency statistics for 2023 were released earlier in January.

It was reported that the number of registered company insolvencies in December 2023 was 2,002, 2% higher than in December 2022 which saw 1,965 insolvencies. This is higher than the levels we saw while the Government support measures were in place in response to the coronavirus (COVID-19) pandemic and higher than pre-pandemic numbers. The total number of personal insolvencies in December 2023 was 6,584, 20% lower than in December 2022.

The company insolvencies consisted of:

- 153 compulsory liquidations
- 1,731 creditors' voluntary liquidations
- 103 administrations
- 15 company voluntary arrangements (CVAs)

Last year saw interest rates rise, an ease in the rate of inflation which together with a lack of access to working capital meant that trading remained difficult. The hospitality (17% of all insolvencies) and retail (14 %of insolvencies) sectors struggled last year as consumers have felt the pinch. The expectation is that construction and business services will remain the hardest hit in 2024, with almost a fifth of all insolvencies so far coming from each of these sectors. Small and medium sized companies are being hit the hardest with 98% of insolvencies in November being for companies with less than a £1m turnover.



Zombie companies have been surviving by virtue of interest rates being low making the cost of borrowing comparatively cheap. This has allowed these companies to service their debt but prevented any investment in growth. In the current conditions with higher interest rates, it looks likely that the number of zombie companies will continue to fall in 2024 as liquidity pressures mount.

Personal insolvencies comprised of 496 bankruptcies (well below pre-2020 levels), 2,472 debt relief orders (DRO) (25% higher than in December 2022) and 3,616 individual voluntary arrangements. It is reported that the lower number of individual insolvencies compared to December 2022 was driven by a 38% decline in the number of IVAs. DRO numbers remain high when compared with pre-pandemic numbers. It is likely that the increased DRO registrations include debtors who would otherwise have become bankrupt, contributing to the lower number of bankruptcies when compared to pre-pandemic levels.



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