

# Characteristics of Individual Insolvencies including Bankruptcies, England and Wales, 2011

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## Abstract

This article from the Office for National Statistics (ONS) provides an ONS interpretation of regional and local differences in the rates of individual insolvencies in England and Wales in 2011. It highlights the characteristics from the 2011 data and identifies some of the possible reasons for these characteristics.

## Introduction

This article from the Office for National Statistics (ONS) provides an ONS interpretation of regional and local differences in the rates of individual insolvencies<sup>1</sup> in England and Wales in 2011. Statistics on individual insolvency used in this article can be obtained from [the regional statistics section of The Insolvency Service's website](#)<sup>2</sup>. The analysis and interpretation contained within this article has been carried out by ONS on data obtained from The Insolvency Service and contains no analysis or interpretation by The Insolvency Service itself. The analyses and data may be of interest to people who need to comprehend, establish and evaluate regional and local economic policy.

## Notes

1. Individual insolvencies are categorised as bankruptcy orders, individual voluntary arrangements (IVAs) and, since 2009, debt relief orders (DROs).
2. For more information on The Insolvency Service, please see [The Insolvency Service's About Us webpage](#).

## Key points

- Local authorities containing seaside towns tend to be at risk of higher levels of individual insolvency, while London tends to have low levels of individual insolvency

- Looking at insolvency type by gender reveals that women are more likely than men to be granted a debt relief order, conversely men are more likely than women to be granted either an individual voluntary arrangement or a bankruptcy order
- Looking at individual insolvencies by age reveals that adults aged either under 25 or over 64 tend to have low levels of individual insolvency, while those aged 35 to 44 tend to have high levels of individual insolvency
- Men are more likely than women to become insolvent and accounted for a greater proportion of individual insolvencies across England and Wales, except in the North East region

## Total individual insolvency by local authority

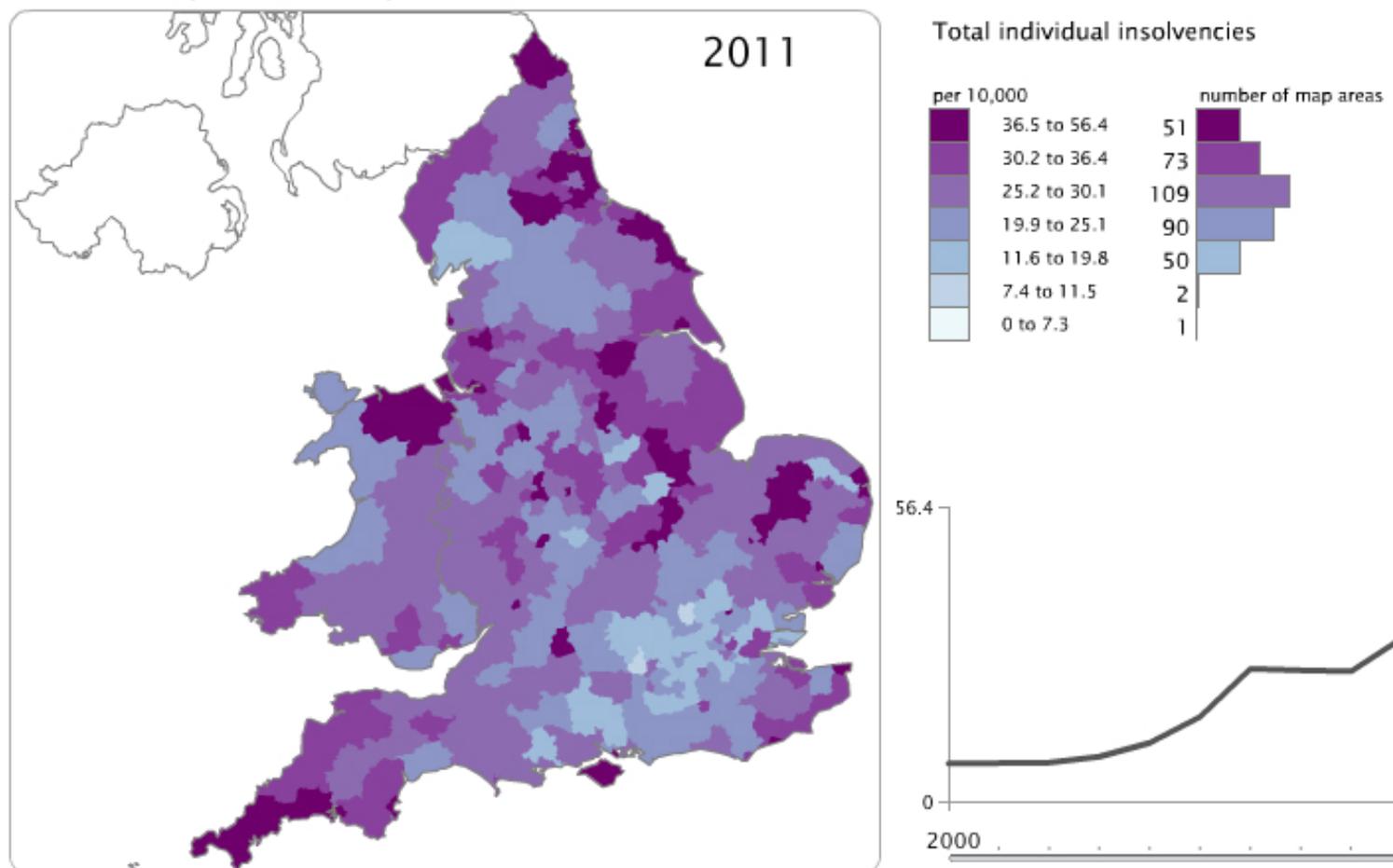
The total individual insolvency rates<sup>1</sup> by local authority for England and Wales are shown in Map 1, below. Map 1 has been made using [an interactive individual insolvency mapping tool](#) freely available from The Insolvency Service, for more information on the tool and a demonstration of how it works, please see Annex 1.

Map 1 Total individual insolvency rates: by local authority, England and Wales, 2011

Individual insolvency rates per 10,000 adult population in England and Wales:

**Total individual insolvencies**

2000–2011, by Local Authority



Source: The Insolvency Service. Graphic by [ONS Data Visualisation Centre](#).

Map 1 clearly shows that the London area and surrounding commuter belt had relatively low rates of total individual insolvency in 2011, whereas rates were generally higher in those local authorities containing seaside towns. This is supported by Table 1, which shows the local authorities with the highest and lowest total individual insolvency rates.

Table 1 Total individual insolvency rates: by local authority, 2011

England and Wales

The authorities with the lowest total individual insolvency rates			The authorities with the highest total individual insolvency rates		
	Local authority	Rate		Local authority	Rate
1	City of London	4.3	1	Blackpool	57.7
2	St Albans	11.1	2	Mansfield	51.1
3	Wokingham	11.3	3	Torbay	50.3
4	Camden	11.6	4	Scarborough	50.2
5=	Wandsworth	11.8	5	Denbighshire	49.4
5=	Westminster	11.8			

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Source: ONS table produced using data from The Insolvency Service

From Table 1, it can be seen that only one of the five local authorities with the highest total individual insolvency rates did not contain a seaside town (Mansfield in the East Midlands, incidentally Denbighshire contains Rhyl). It is apparent that the local authorities with the lowest total individual insolvency rates were either in London (four of the top six) or in the London commuter belt (St Albans and Wokingham).

Table 2 shows the regional insolvency rate and the local authorities with the highest and lowest total individual insolvency rates by region/ country.

Table 2 Total individual insolvency rates: by region, 2011

England and Wales

Region/ Country	Rate	Lowest total individual insolvency rate in region		Highest total individual insolvency rate in region		Range (highest to lowest)
		Local authority	Rate	Local authority	Rate	
North East	35.2	Middlesbrough	28.2	North Tyneside	39.9	11.7
North West	29.6	South Lakeland	17.0	Blackpool	57.7	40.7
Yorkshire and The Humber	28.9	Harrogate/ Leeds	21.0	Scarborough	50.2	29.2
East Midlands	30.4	Rushcliffe	18.3	Mansfield	51.1	32.8
West Midlands	27.9	Warwick	17.1	Tamworth	44.8	27.7
East	26.1	St Albans	11.1	Great Yarmouth	43.2	32.1
London	17.5	City of London	4.3	Barking and Dagenham	30.5	26.2
South East	24.3	Wokingham	11.3	Isle of Wight	41.8	30.5
South West	30.4	Christchurch	17.4	Torbay	50.3	32.9
Wales	28.9	Ceredigion	20.0	Denbighshire	49.4	29.4

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Source: ONS table produced using data from The Insolvency Service

From Table 2, it is apparent that seven of the 10 local authorities which had the highest rates of total individual insolvency in their region contain seaside towns (North Tyneside for example contains Whitley Bay). Of the three regions where this was not the case, East Midlands, West Midlands and London, two are landlocked. Further research may highlight some of the reasons why local authorities containing seaside towns have relatively high levels of individual insolvency.

It can also be seen that the North East had the smallest range between the highest and lowest total individual insolvency rates of the constituent local authorities at 11.7, while the North West had the largest range at 40.7.

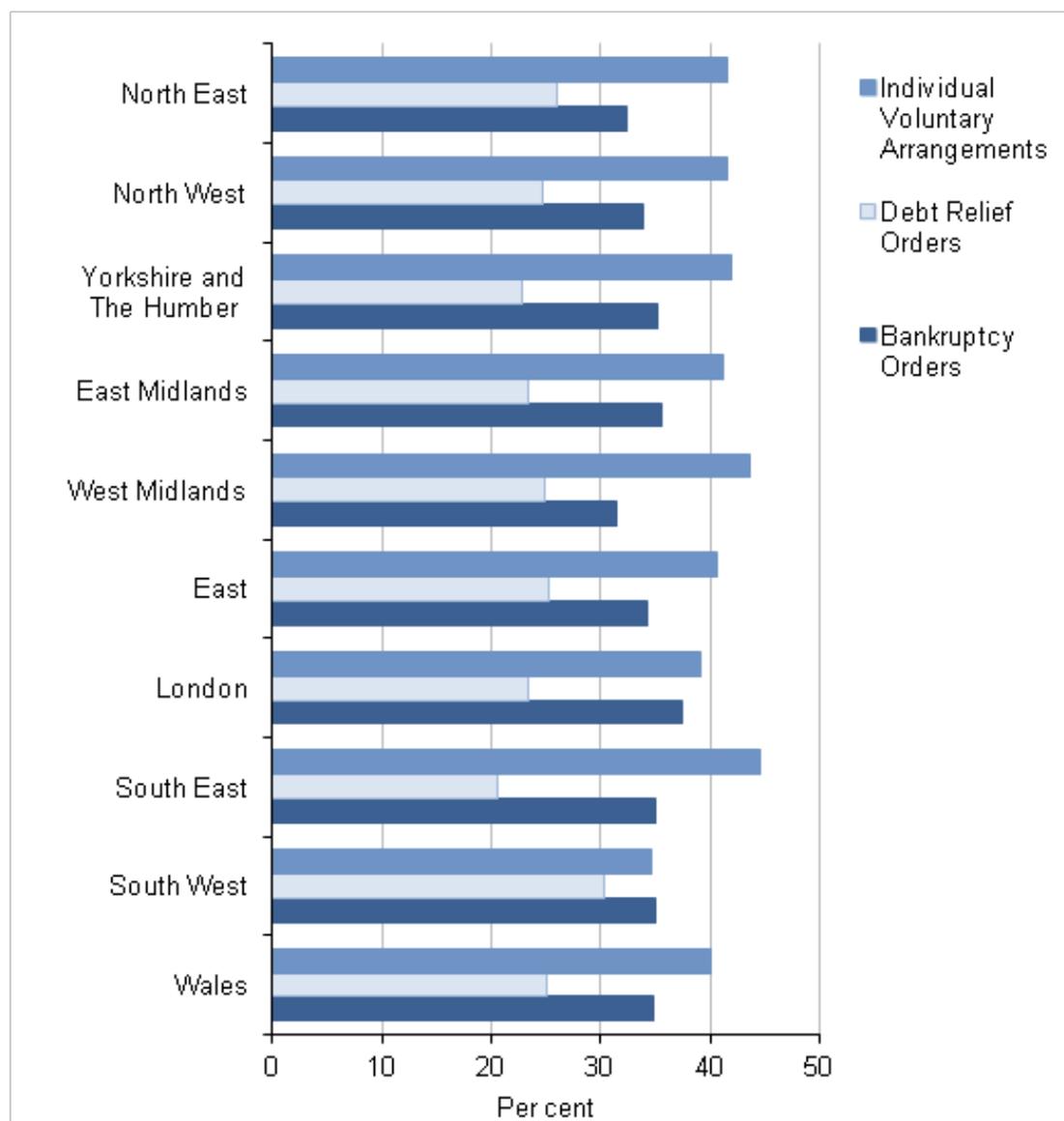
## Notes

1. The total individual insolvency rate is calculated as the number of total individual insolvencies per 10,000 adults aged 18 years and older.

## Insolvency by type

The regional percentage split of different types of individual insolvency for 2011 is shown in Figure 1.

Figure 1 Types of individual insolvency: by region, 2011



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Source: ONS chart produced using data from The Insolvency Service

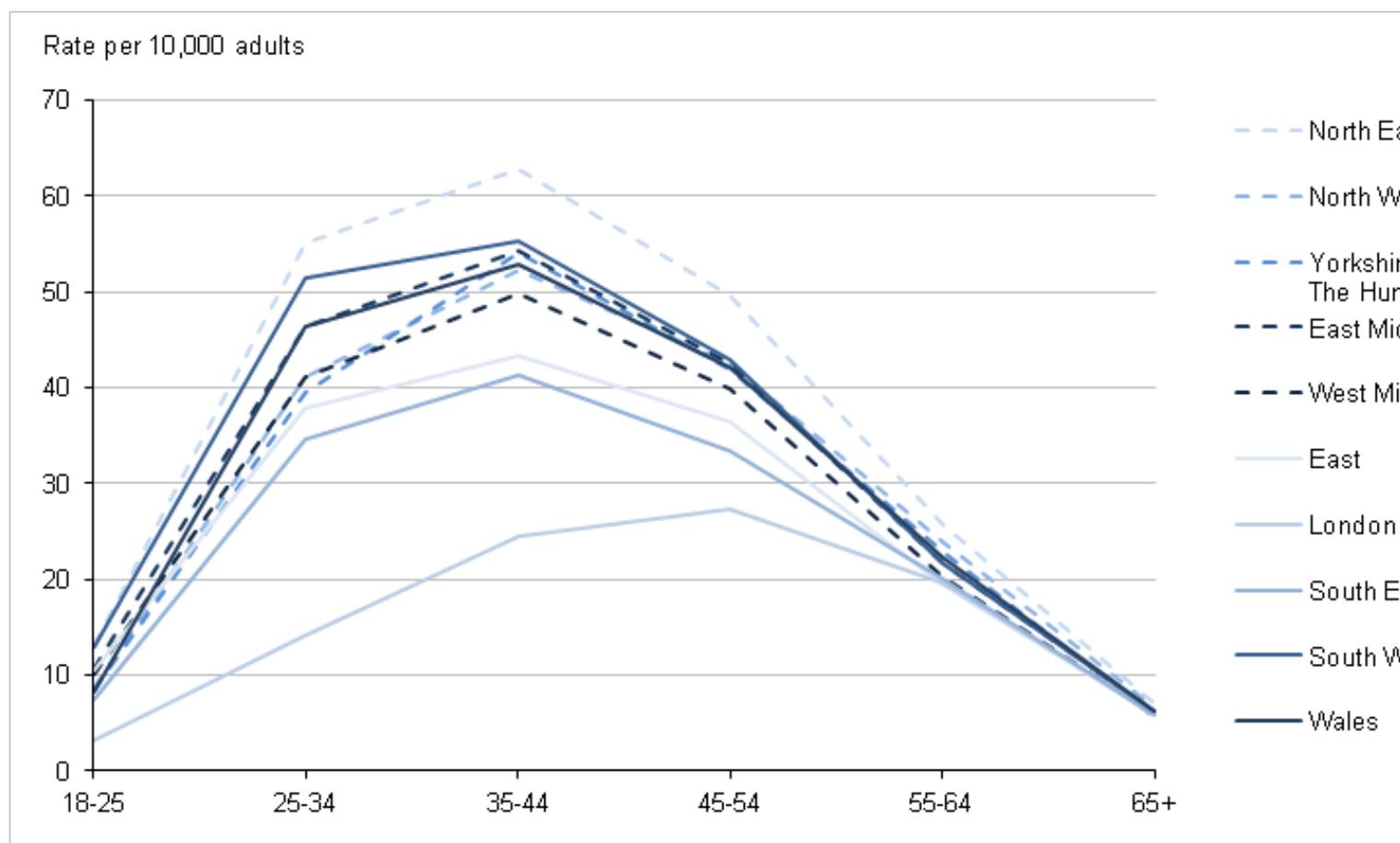
Individual voluntary arrangements (IVAs), which accounted for 41 per cent of all individual insolvencies, ranged from 34.6 per cent in the South West to 44.5 per cent in the South East, and were the most common form of individual insolvency in 2011, taking over from bankruptcy orders for the first time. In England and Wales, bankruptcy orders accounted for 34.5 per cent of all individual insolvencies, ranging from 31.4 per cent in the West Midlands to 37.5 per cent in London. Debt relief orders (DROs), introduced in 2009 for those on low incomes, accounted for 20 to 30 per cent of all individual insolvencies across the English regions and Wales.

Women were more likely than men to be granted a DRO in all English regions and Wales. The difference in DRO rates for men and women ranged from 2.2 insolvencies per 10,000 adults in London, to 4.6 in the South West. Conversely, men are more likely to be granted either an IVA or a bankruptcy order. The difference in IVA rates for men and women ranged from 1.0 insolvencies per 10,000 adults in the North East, to 2.6 in the East Midlands and South East. The difference in bankruptcy order rates for men and women ranged from 2.5 insolvencies per 10,000 adults in the North East, to 5.0 in Wales.

## Insolvency by age and gender

Regional individual insolvency rates by age are shown in Figure 2<sup>1</sup>.

Figure 2 Individual insolvency rate: by age and region, 2011



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Source: ONS chart produced using data from The Insolvency Service

Figure 2 illustrates that a similar pattern was experienced across the English regions and Wales: with young adults and those aged 65 and over having relatively low rates of individual insolvency, while those aged 25 to 54 generally had high rates of individual insolvency. This could be for a number of reasons, for example because young adults are more likely to live with their parents and as such can more easily adapt to situations such as losing their job, so they may be less likely to need to become insolvent. Older people are more likely to own their home, so may have less need to worry about housing costs, or have savings to offset against loss of income. Alternatively, they could be pensioners and as such are not affected by some impacts of the recession, such as job losses.

Across the English regions and Wales, the individual insolvency rate generally peaked for people within the 35 to 44 age group, the exception being London where the rate peaked for those aged 45 to 54. Both of these age groups represent ages when people are likely to have high levels of financial responsibility, such as mortgages and bringing up children.

In 2011 males made up more than half of individual insolvencies across England and Wales (51.2 per cent). Men accounted for more than half of individual insolvencies in each of the English regions and Wales, except the North East, where they accounted for 48.0 per cent of all individual insolvencies.

The proportion of men becoming insolvent may be somewhat surprising, given that the female adult population accounts for a greater proportion of the adult population (51.2 per cent compared with 48.8 for males)<sup>2</sup>. This means that in 2011 men were more likely to become insolvent than women, rather than insolvency being gender neutral.

There were significantly more men aged 55 and over becoming individually insolvent in 2011 across the English regions and Wales when comparing with similarly aged women. This could indicate that women may take better care of their financial affairs as they get older when compared with men. There may be a number of underlying factors for this, such as employment patterns.

## Notes

1. The data on age is incomplete, with a small number of cases in each region where the age is unknown. As such, analysis carried out in this article excludes those individual insolvencies where age is unknown. Information on insolvencies where the age or region is unknown is available from [tables published by The Insolvency Service](#).
2. Using the mid-2010 population estimates. Population estimates for 2011 were not available prior to the publication of insolvency data.

## Summary

The article provides an analysis of sub-national individual insolvency statistics for 2011 and follows on from a previous article looking at change over the period 2001 to 2011. This article highlights the characteristics of the data in 2011 and identifies some of the possible reasons for those characteristics. It has been observed that local authorities containing seaside towns tend to be areas at higher risk of individual insolvency, that men are more likely than women to become insolvent and that both younger and older adults tend to have lower levels of individual insolvency than those in their 30s and 40s.

More information is available from:

- [The Neighbourhood Statistics website](#)
- [The regional statistics section of The Insolvency Service's website](#)
- [The Area Based Analysis section of the ONS website](#)

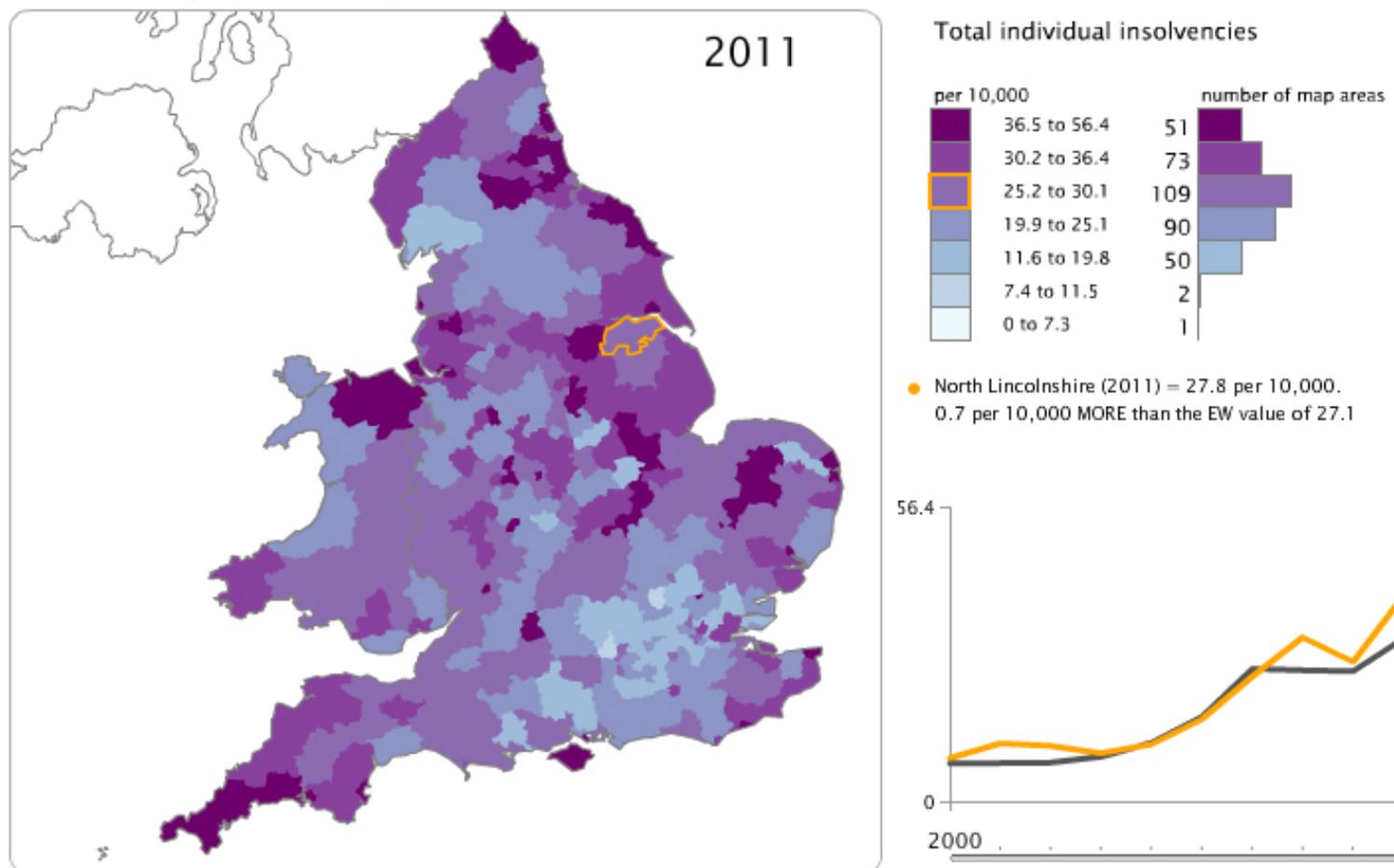
## Annex 1: Example of the interactive visualisation tool

### Map 2 Interactive map, by local authority, England and Wales, 2000–2011

Individual insolvency rates per 10,000 adult population in England and Wales:

#### Total individual insolvencies

2000–2011, by Local Authority



Source: The Insolvency Service. Graphic by [ONS Data Visualisation Centre](#).

Map 2 is an example of what can be done when using [the interactive insolvency map](#). It is possible to choose from bankruptcy orders, individual voluntary arrangements (IVAs) or total individual insolvencies; in the above total individual insolvencies have been selected. Local authorities can also be selected, in Map 2 North Lincolnshire has been chosen as an example and is highlighted on the map with an orange border. An individual year can be selected and the total individual insolvency rates for that year displayed.

The rates are split into bands and the local authorities are coloured accordingly on the map; the bounds of the bands and corresponding colours are stated in the legend. The number of local authorities in each band is provided so that changes over time in the number of local authorities within each band can be seen when the map animation is played. The annual rates for England and Wales and the local authority selected are plotted on a line graph, so that the rate for the local

authority can be compared with the national picture over time. Above the line graph, the rate for the local authority is stated and compared with England and Wales for the selected year.

## Background notes

1. Details of the policy governing the release of new data are available by visiting [www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html](http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html) or from the Media Relations Office email: [media.relations@ons.gsi.gov.uk](mailto:media.relations@ons.gsi.gov.uk)

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