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**NEWSLETTER**

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**Director Information Hub**

The Insolvency Service has created a "Director information hub" [www.gov.uk/guidance/director-information-hub](http://www.gov.uk/guidance/director-information-hub) to provide information and guidance to help directors.

**Consultation on the failure of small banks by HMT**

HM Treasury published a consultation on Enhancing the Special Resolution Regime on providing a new mechanism to facilitate managing the failure of small banks and limiting risks to the public funds. The consultation closed on 7 March 2024. The guidance and policy is awaited.

**Revised Directors Conduct Reporting Service (DCRS)**

A revised DCRS form contained within the online filing portal came into effect from 20 February 2024 and has a new section 14 which specifically deals with Bounce Back Loans (BBLs). This tasks IPs with an obligation to investigate and determine whether BBLs have been properly obtained and utilised by companies/directors prior to insolvent Liquidations and Administrations where such reporting is mandatory.

**Construction insolvencies continue to rise**

A recent analysis of insolvency statistics by RSM UK has found that the construction industry experienced the highest number of insolvencies in the 12 months to March 2024, reaching a total of 4,273. Many construction businesses are still recovering from legacy contracts, precured as fixed cost contracts pre-Covid and subject to litigation. The industry has been seriously impacted by inflationary rates and labour costs, especially in the last year. Coupled with an accelerating pipeline, this is causing additional challenges as there isn't the availability of working capital for businesses to carry out work, which is a key contributor to rising construction insolvencies. As the housing market picks up throughout the year, this will require material and labour, fueling demand across the industry. Looking ahead to Q3 2024, we're likely to see construction insolvencies accelerate, due to added strain in the market as businesses struggle with a lack of working capital, accumulated debt and falling cashflows brought about by legacy contracts. In addition, there's growing political uncertainty around future spend due to the General Election in July 2024, which is causing concerns around the supply chain, the government contracts that will be available, as well as the time to award and mobilise these projects.

**Call for Government to 'do more' to tackle a fraud epidemic**

The fraud prevention service, CIFAS, has officially launched its 'Fraud Pledges 2024' with proposals requesting that the government commit to reforms and prevention strategies that better protect communities and businesses from fraud. Fraud represents approximately 38% of all crime in England & Wales. However, only 1% of policing resources are allocated to tackling this issue that harms victims personally and financially, negatively impacts the UK's economy and funds serious organised crime. CIFAS formally delivered the pledges document to 10 Downing Street on 15 May. The reforms challenge the government to "do more" and provide greater counter-fraud assurances. The CIFAS Fraud Pledges are to (a) Provide cross-government leadership in the response to fraud (b) Improve the policing response to fraud (c) Enhance support to victims of fraud (d) Make the criminal justice response fit for tackling 21st Century fraud (e) Require social media and online platforms to join the multi-sector response to fraud.

**Three in ten small businesses receive financial support from family members**

New data from IWOCA has shown that three in every ten (29%) small business owners in the UK have received financial backing from a family member – with three-quarters (74%) saying it was essential for setting up their business. Over a third (36%) said they had received more than £25,000 from their relatives, with a fifth (19%) receiving over £50,000. IWOCA's study with 500 SMEs found that the reasons they had financial backing from their family were diverse. A third (35%) asked family members for support because they needed the funding urgently, and a sixth (16%) said they couldn't afford loan repayments, while one in ten (12%) either had their funding application rejected by a bank or the bank's financing terms didn't work for their business. Despite one in ten (9%) small business owners admitting that their relationship with their relative had worsened due to becoming financially involved in their business, nearly half (47%) say it has led to improved relations. In the future, nearly half (47%) of small businesses predicted that they would prefer to go to a bank for financing, but a third (29%) would still opt to raise the money from family members. IWOCA, said time and again data shows that the major banks are reducing their appetite to lend to small businesses, meaning they're increasingly having to look for finance elsewhere and families have been filling the gap.

Insolvency Stats. Case nos.(E&W)	2023	2024	2024	2024	2024	2024
	Q1-Q4	JAN	FEB	MAR	APR	TOTAL
<b>Corporate</b>						
Compulsory Liq.	2,827	287	268	261	300	1,116
CVL's	20,577	1,340	1,742	1,437	1,715	6,234
Administrations	1,567	124	155	108	144	531
CVAs	185	16	12	9	18	55
<b>Personal</b>						
Bankruptcies	7,684	685	663	684	648	2,680
Debt Relief Orders	31,717	2,930	2,789	2,708	3,436	11,863
IVAs	64,053	4,963	7,345	5,390	5,567	23,265

Source: Insolvency Service Statistics

**Corporate Insolvency Statistics – Review of 2023**

In 2023, there were 25,158 registered company insolvencies, comprising 20,577 creditors' voluntary liquidations (CVLs), 2,827 compulsory liquidations, 1,567 administrations, 185 company voluntary arrangements (CVAs) and two receivership appointments. The number of company insolvencies was the highest annual number since 1993. CVLs increased by 9% from 2022 to a new record high number in the time series going back to 1960. Numbers of compulsory liquidations (up 44%), administrations (up 27%) and CVAs (up 67%) were also all higher than in 2022. Between 26 June 2020 and 31 December 2023, 49 companies obtained a moratorium, and 22 companies had a restructuring plan registered at Companies House. These two procedures were created by the CIGA Act 2020.

**Personal Insolvency Statistics – Review of 2023**

The number of individual insolvencies registered in 2023 was 103,454, which was 13% lower than the 118,766 in 2022. The number of individual insolvencies was the lowest annual number since 2017. Also, 2023 saw the lowest annual number of IVAs since 2017, while DROs were at the highest annual level since their introduction in 2009. Bankruptcies increased slightly from the 40-year low in 2022 but remained less than half of pre-2020 levels. IVAs accounted for 62% of all individual insolvencies, down from 74% in 2022. There were 88,390 registered breathing spaces in 2023, comprised of 86,928 Standard and 1,462 Mental Health breathing space registrations. Breathing Space numbers were 25% higher than in 2022. Since the start of the scheme on 4 May 2021, more than 200,000 breathing spaces have been registered.

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