

Company insolvencies dip in August but still reflect 'challenging environment'



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The number of companies that became insolvent in August was 15% lower than during the same period last year, according to official data.

In [England](#) and [Wales](#), 1,953 businesses went bust, according to the Insolvency Service, compared with 2,286 in August 2023.

The figures included 279 compulsory liquidations – when a company is forced to shut down, usually because it has debts it cannot pay.

Jennifer Lockhart, partner at law firm Brabners, said: “Fewer businesses failing is always to be welcomed but overall insolvency levels continue to reflect the challenging environment businesses are operating in.

The general sense of optimism felt at the start of the summer, with the change of government, has begun to ease, serving to curb the recent improvement in consumer confidence

Jennifer Lockhart, Brabners

“Indeed, while their costs are more predictable than they have been for a number of years, interest rates remain persistently high.

“At the same time, the general sense of optimism felt at the start of the summer, with the change of government, has begun to ease, serving to curb the recent improvement in consumer confidence.”

Meanwhile, companies on the [Companies House](#) register of firms went insolvent at a rate of 55.5 per 10,000 companies in the 12 months to August.

This was a slight increase from the 55.4 per 10,000 companies for the same period the previous year.

The Insolvency Service only records figures for England and Wales, but [Scotland](#) also saw a 9% decrease versus August last year to 102 insolvencies, according to the Accountant in Bankruptcy, its equivalent government agency.

In Northern Ireland, insolvencies were down 8% compared with last year, but the percentage rise is less reliable because of the small number of companies – just 11 went bust over the course of the month.

Giuseppe Parla, insolvency partner at Menzies, said: “As the country waits for the budget in October, inflation remaining at 2.2% and the Bank of England holding the base rate at 5%, it comes as no real surprise that corporate insolvencies are on a slight downward trajectory.

“Whilst the numbers are still higher than those seen during the Covid-19 pandemic and between 2014-2019, it is uncertain

as to whether we will continue this trend or if it is the calm before the storm.

“It is likely that many company directors are awaiting the outcome of the [Budget](#) to decide what their next steps may be.”