

Insolvencies hits lowest rate in January since June 2007

Financial strength of businesses improved eight per cent year-on-year

THE latest Insolvency Index from Experian, the global information services company, reveals a positive picture in January, with the rate of business failures falling to its lowest point since June 2007.

The east midlands saw a 31 per cent reduction in insolvencies in January, compared to January 2009. The combined financial strength score for businesses in the Peterborough region increased from 79.68 in January 2009 to 81.59 last month, in line with the national average.

Businesses across the UK saw an eight per cent improvement in their combined financial strength score, from 79.46 in January 2009 to 81.16 January 2010. The rate of insolvencies fell to 0.07 per cent in January 2010, with seven in every 10,000 businesses going under. This compares to an insolvency rate of 0.09 per cent in January 2009 and 0.11 per cent in December 2009.

Rolf Hickmann, Managing Director of pH, an Experian company, said: "It's encouraging to discover that not since the current financial crunch started have so few firms become insolvent in a single month. Whilst it is too early to predict whether we are fully out of the woods, this does hint at an improvement in the health of UK businesses, something which is reinforced by the financial strength view provided by January's data."

Other key highlights include:

- As in January 2009, businesses in the South West continued to be the most robust, holding the best financial strength score during January 2010.
- The North East saw its insolvency rate decrease by over 30 per cent from 0.19 per cent to 0.12 per cent in January, subsequently losing its position as the region with the highest rate.
- Yorkshire, with 0.13 per cent, witnessed the highest rate of failures in January.
- Scotland, the only region to see a year-on-year increase in insolvencies, was beaten by Wales to having the lowest rate of business failures in January (0.06 per cent).
- Businesses in Greater London saw the highest year-on-year improvement in their financial health (from 77.85 to 80.02). However, they also had the lowest overall financial strength score of any region.
- The highest insolvency rates during January 2010 were among businesses with 11 to 100 employees (0.19 per cent).
 - 1 to 2 employee firms had the lowest rate of insolvencies (0.04 per cent).
 - The largest businesses, those with over 501 employees, continue to have the best financial strength score (84.22). They were also, however, the only types to see a year-on-year decline, albeit marginal, in the score (down from 84.57).
 - Businesses with 51 to 100 employees hold the worst average financial strength score (80.06), although they did see a small year-on-year improvement (from 79.92).
 - Breweries (0.42 per cent) and plastics and rubber companies (0.26 per cent) saw the highest insolvency rates in January 2010, although these are based on a handful of firms failing within small sectors. With 335 insolvencies the Business Services sector saw the highest volume of failures, although this represented just 0.06 per cent of its population.

Region	Insolvencies Jan 10	% change from Jan 09	% of business population	% of business population	Financial Strength Score Jan	Financial Strength Score Jan
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			failing Jan 10	failing Jan 09	10	09
Scotland	77	20.3	0.07%	0.06%	81.12	80.37
North East	49	-15.5	0.12%	0.15%	81.24	79.31
North West	135	-37.5	0.07%	0.12%	80.45	78.88
Yorkshire	156	-20.4	0.13%	0.15%	81.24	79.20
Wales	32	-34.7	0.06%	0.09%	80.74	79.09
West Midlands	121	-37.3	0.08%	0.12%	80.07	78.51
East Midlands	84	-31.1	0.08%	0.11%	81.59	79.68
Eastern	115	-32.7	0.07%	0.10%	82.20	80.70
South West	103	-18.3	0.07%	0.08%	82.68	81.42
Greater London	332	-18.6	0.07%	0.08%	80.02	77.85
South East	214	-18.6	0.07%	0.07%	82.42	80.82
Grand Total	1,418	-24.0	0.07%	0.09%	81.16	79.46

Source: pH, an Experian company

Number of employees	Insolvencies Jan 10	% change from Jan 09	% of business population failing Jan 10	% of business population failing Jan 09	Financial Strength Score Jan 10	Financial Strength Score Jan 09
1-2	175	-11.6	0.04%	0.05%	82.44	80.29
3-5	225	-23.5	0.10%	0.12%	82.04	81.46
6-10	205	-26.3	0.16%	0.21%	81.39	80.68
11-25	195	-29.1	0.19%	0.26%	80.99	80.70
26-50	90	-23.7	0.19%	0.24%	80.53	80.40
51-100	51	-38.6	0.19%	0.30%	80.06	79.92
101-500	41	-34.9	0.15%	0.23%	81.14	81.10
501+	12	-33.3	0.13%	0.19%	84.22	84.57
<i>Unspecified</i>	424	-21.3	0.05%	0.05%	80.42	78.21
Grand Total	1,418	-24.0	0.07%	0.09%	81.16	79.46

Source: pH, an Experian company