

New Enterprise Allowance

Equality Impact Assessment
September 2011

Equality impact assessment for New Enterprise Allowance

Introduction

1. The Department for Work and Pensions has carried out an equality impact assessment on the proposal to introduce New Enterprise Allowance (NEA), assessing the proposal in line with the current public sector equality duties.
2. This process will help to ensure that:
 - the Department's strategies, policies and services are free from discrimination;
 - the Department complies with current equality legislation;
 - due regard is given to equality in decision making and subsequent processes; and
 - opportunities for promoting equality are identified.

Scope of this assessment

3. The equality impact assessment will demonstrate how the Department has demonstrated it has paid due regard when developing new services or processes to protection against discrimination on the grounds of race, disability, gender, age, gender reassignment, sexual orientation, pregnancy and maternity, and religion and belief (the protected characteristics).

Brief outline of the policy or service

4. The Government is committed to introducing a programme of support to promote self employment as a route off benefits. This commitment was set out in The Coalition: Our Programme for Government, under the name of Work for Yourself. NEA will deliver this self employment support as part of a wider menu of additional support options that can be used by Jobcentre Plus to help benefit claimants into work, prior to referral to the Work Programme. This menu includes policies known as the Get Britain Working measures, which includes NEA as well as:
 - Work Clubs
 - Work Experience
 - sector-based work academies
 - Work Together
 - Enterprise Clubs
 - Skills Conditionality
5. NEA is available to people aged 18 years or over who have been claiming Jobseeker's Allowance (JSA) for six months or more until the point they are

required to join the Work Programme. The programme is expected to support 40,000 people by the end of March 2013.

6. The expected outcomes of the programme are:
 - To provide a viable route off benefit for eligible JSA claimants.
 - To increase the volume of sustained self-employment outcomes by improving the support available to jobseekers.
7. The programme offers participants a business mentor, for guidance and support, as they prepare to move into self-employment and through the early stages of trading. Participants are required to work with a mentor and to demonstrate they have a viable business proposition with the potential for growth. The mentor will be expected to support participants in getting to this stage.
8. The participant's business proposition will need to be approved and once this stage has been completed, the participant would be expected to register as self employed. They would then be able to access or claim financial support. Financial support will include a weekly allowance payment which would be paid for 26 weeks and loan finance. The value of the allowance would be an amount broadly equivalent to their JSA payments for the first 13 weeks and half that amount for a further 13 week period. This would ease the transition into self-employment and underpin finances whilst the business is developed. In addition to the allowance, participants would be able to apply for a low cost loan of up to £1,000 from contracted finance institutions.
9. The Department will introduce a new, tailored conditionality regime for the NEA from 3 October 2011. From that date NEA participants will be brought into the Employment, Skills and Enterprise (ESE) scheme, they will be required to be available for employed earners employment, but will not be required to actively seek employed earners employment. Instead they will be required to participate in the ESE scheme, which will mean actively preparing for a move into self-employment for a specified period of up-to 8-weeks.¹ This will ensure that the conditionality regime applied to NEA participants is appropriate to the activities they are undertaking on the NEA scheme. Failure to participate without 'good cause' can result in a benefit sanction.
10. NEA has had a phased implementation:
 - Went live as a trailblazer in Merseyside on the 31st January 2011;
 - The Get Britain Working target areas identified below rolled out first, from April 2011; and
 - Rolled-out across the rest of GB during August 2011.

¹ In some circumstances the period may be extended to a maximum of 12-weeks.

11. The areas identified as priorities for national roll out from April 2011 are also priority areas for other Get Britain Working measures and were chosen where they met a threshold on two of these three indicators:

- a. the proportion of the economically active population employed in the public sector,
- b. the number of private sector jobs per capita, and
- c. the public sector share of Gross Value Added within the area.

12. The Get Britain Working target areas are:

- Tees Valley and Durham
- Northumberland and Tyne and Wear
- Lancashire
- Merseyside
- South Yorkshire
- Devon
- Cornwall and Isles of Scilly
- Highlands and Islands
- West Wales and the Valleys
- South West Scotland
- East Wales
- West Midlands
- Lincolnshire
- Eastern Scotland

How many people do we expect to be covered by the policy? Who will benefit?

13. Funding will be made available for approximately 40,000 jobseekers to take up the programme by the end of 2012/13.

14. The eligible group for NEA will be JSA claimants over 18 with claims over 6 months duration, and before they are required to enter the Work Programme. 18 – 24 year olds will be referred to the Work Programme at 9 months duration, and older groups at 12 months duration. Table 1 shows the size of the eligible group in January 2011.

Table 1: Eligible JSA customers²

| | Male | Female | Total |
|---|----------------|---------------|----------------|
| 18-24 year olds, six to nine month duration | 24,600 | 11,500 | 36,100 |
| Over 25 year olds, six to 12 months | 131,800 | 56,700 | 188,500 |
| Total | 156,400 | 68,200 | 224,600 |

Consultation and involvement

15. In formulating the policy on NEA internal and external stakeholders have been consulted to learn from their experience of delivering mentoring and financial support. Internally, this includes involving Jobcentre Plus, the Department for Business, Innovation and Skills (BIS) and the Devolved Administrations to learn from their roles in the current self-employment offer.
16. We have also been involved in wider BIS-led stakeholder events on mentoring and microfinance events. The purpose of these events was to work with stakeholders to discuss how mentoring provision might be better joined up and made more accessible to customers, how to open up microfinance and make it more accessible and understandable to customers who need it; and Government's role in delivering this type of support.
17. External engagement with stakeholders with relevant self-employment/enterprise expertise, including those which provide business mentoring or advice, such as the Princes Trust, ACT, Advantage 42, Avanta and Horseshmouth has also taken place.
18. A number of key points were raised during our consultation including:
- many business people and organisations already share their time, skills and experience on an entirely voluntary nature;
 - organisations providing mentoring support tell us that one-to-one mentoring boosts motivation, helps people set goals and plan ahead, enabling them to achieve outcomes they would not have achieved by themselves;
 - involving mentors in the final approval of a customer's business proposition could compromise the relationship between customer and mentor.

Impact of the New Enterprise Allowance

19. To assess the equality impact of the NEA we have considered the following sources of information:

² Source: NOMIS Claimant Count administrative data January 2011

- Comparison of JSA customers reaching six months unemployment to JSA customers who took up the self employment support available through the Self-Employment Credit (SEC) element of the Six Month Offer to identify if particular customer groups are disproportionately likely to take up support available through NEA. The SEC offered in-work financial support worth £50 per week for up to 16 weeks, initially targeted at JSA customers with a claim duration of over six months. This was later reduced to three months, but the data used in this section only uses data on customers who took up the self-employment offer after six months of their claim, as this matches the eligible group for NEA.
- Comparisons of six month JSA customers with the wider benefit population (both JSA and other benefits) to assess the potential impact of targeting NEA on JSA customers who have been unemployed for six months.

Age

20. Table 2 below compare the characteristics of six month JSA customers to SEC starts, and six month JSA customers compared to new JSA customers.

Table 2

| | 18-24 | 25-49 | 50+ |
|--|-------|-------|-----|
| JSA on-flow ³ | 37% | 49% | 13% |
| JSA customers reaching 6 months ⁴ | 32% | 53% | 14% |
| Self Employment Credit Starts (six month eligibility) ⁵ | 7% | 70% | 23% |

21. The statistics presented above show that older JSA customers are more likely to reach six months unemployment, and are also more likely to take up self employment support than younger customers. This is in line with evidence from the evaluation of Enterprise Allowance (which ran until 1992) that older participants were more likely to succeed in sustaining self-employment for

³ Source: National Benefits Database. Cohort of new JSA claims in 2008/09. The statistics in the table below are calculated by linking individual level data from the National Benefits database and the LMS Client Evaluation database, and is based on 3.1 million new JSA claims of which 520,000 have declared a disability during a Jobcentre Plus interview.

⁴ Source: National Benefits Database. Cohort of new JSA claims in 2008/09. The statistics in the table below are calculated by linking individual level data from the National Benefits database and the LMS Client Evaluation database, and is based on 3.1 million new JSA claims of which 520,000 have declared a disability during a Jobcentre Plus interview.

⁵ Six Month Offer Official Statistics, January 2011. Where data is unknown it has been excluded from the breakdown.

more than a year⁶. Therefore, there is likely to be differential take-up by age, but a differential impact on young people is not expected because younger customers will have the opportunity to access NEA, and young people will also have access to a range of other support, including other Get Britain Working measures and personalised support from the Work Programme after nine months duration on JSA.

Disability

22. Table 3 below compares the characteristics of six month JSA customers to SEC starts, and six month JSA customers compared to new JSA customers.

Table 3

| | Disabled | Non-Disabled |
|--|----------|--------------|
| JSA on-flow ⁷ | 18% | 82% |
| JSA customers reaching six months ⁸ | 23% | 77% |
| Self Employment Credit Starts (six month eligibility) ⁹ | 16% | 84% |

23. The statistics above suggest that disabled JSA customers reaching six months unemployment are slightly less likely to take up self employment support than non-disabled six month JSA customers, but that JSA customers with a disability are slightly more likely to reach six months unemployment than non-disabled JSA customers.

24. To reduce the risk that disabled customers will be under-represented among NEA participants, NEA will offer personalised support to help customers make the transition into self employment by helping to reduce the barriers to self employment that disabled customers face. These include difficulties in obtaining capital, fear of loss of benefits and lack of access to business advice and support.¹⁰ NEA includes more generous in-work financial support

⁶ Owens, 1989, Enterprise Allowance Scheme Evaluation. Sixth Six Month National Survey, Research and Evaluation Branch.

⁷ Source: National Benefits Database. Cohort of new JSA claims in 2008/09. The statistics in the table below are calculated by linking individual level data from the National Benefits database and the LMS Client Evaluation database, and is based on 3.1 million new JSA claims of which 520,000 have declared a disability during a Jobcentre Plus interview.

⁸ Source: National Benefits Database. Cohort of new JSA claims in 2008/09. The statistics in the table below are calculated by linking individual level data from the National Benefits database and the LMS Client Evaluation database, and is based on 3.1 million new JSA claims of which 520,000 have declared a disability during a Jobcentre Plus interview.

⁹ Six Month Offer Official Statistics, January 2011

¹⁰ Boylan and Burchard, 2002, *Barriers to Self Employment for Disabled People*, <http://www.berr.gov.uk/files/file38357.pdf>

compared to the self-employment credit, which will help in the transition from benefits to self-employment. The one-on-one support of a mentor will provide advice and information. Finally, the NEA will offer access to affordable small loans to address difficulties in accessing finance and capital.

25. The majority of disabled benefit customers claim incapacity benefits (IB) or Employment and Support Allowance (ESA). Limiting the eligibility of NEA to JSA customers could risk having a negative impact on disabled people claiming IB or ESA who are interested in self-employment. However, all ESA customers will have access to the Work Programme following their Work Capability Assessment and IB customers will also have access to the Work Programme prior to their reassessment through ESF funded support. The Work Programme will mitigate the potential equality risk associated with limiting NEA eligibility to JSA customers by offering intensive, personalised support.

Gender

26. Table 3 compares the characteristics of six month JSA customers to SEC starts, and six month JSA customers compared to new JSA customers.

Table 4

| | Male | Female |
|---|------|--------|
| JSA on-flow ¹¹ | 71% | 29% |
| JSA customers reaching 6 months ¹² | 76% | 24% |
| Self Employment Credit Starts (six month eligibility) ¹³ | 83% | 17% |

27. The data in the tables above show that men are more likely to reach six months on JSA than women and that men are more likely than women to take-up the self employment support.

¹¹ Source: National Benefits Database. Cohort of new JSA claims in 2008/09. The statistics in the table below are calculated by linking individual level data from the National Benefits database and the LMS Client Evaluation database, and is based on 3.1 million new JSA claims of which 520,000 have declared a disability during a Jobcentre Plus interview.

¹² Source: National Benefits Database. Cohort of new JSA claims in 2008/09. The statistics in the table below are calculated by linking individual level data from the National Benefits database and the LMS Client Evaluation database, and is based on 3.1 million new JSA claims of which 520,000 have declared a disability during a Jobcentre Plus interview.

¹³ Six Month Offer Official Statistics, January 2011. Where data is unknown it has been excluded from the breakdown.

28. Historically, a large majority of the self employed have been male, and although the proportion has been on a downward trend for a number of years, in 2009 the proportion of the self employed who are male remained at 71%¹⁴. Chart 1 shows levels of male and female self employment since 1992. Both male and female self-employment levels have seen large increases since around 2000. While female self employment remains significantly below male levels, the increase in female self-employment has been proportionally slightly higher.

Chart 1: Self Employment by Gender



Source: LFS Labour Market Statistics, ONS

29. The under-representation of women in business and self employment can be in part put down to additional barriers faced by women in setting up in business. These include barriers in accessing finance, information and networks¹⁵. Through its mentoring support and help accessing finance, NEA can play an important role in addressing these issues and encourage women into self employment. We envisage a role for Jobcentre Plus working alongside the voluntary and enterprise sectors to create new partnerships to build a network of mentors and ensure unemployed people can get the business support they need, including support specifically for women in self employment or business.

¹⁴ Source: LFS data: UK, seasonally adjusted, 2009

¹⁵ [Women's Self-employment and Entrepreneurship in the UNECE Region](#), UNECE, 2004

30. Therefore, there is a risk that women could be disproportionately impacted by the introduction of NEA. To mitigate this risk, NEA will provide personalised support for eligible jobseekers, alongside support to overcome financial barriers to setting up in business. NEA is also part of a wider package Get Britain Working support enabling customers and their adviser to build the right package of back to work support for them.

31. We will monitor the take up of NEA as it is introduced.

Gender reassignment

32. No data is available to assess if New Enterprise Allowance will have an equality impact relating to gender reassignment. However, it is not anticipated that gender reassignment will affect customers' eligibility or take-up because advisers and mentors will offer support tailored to the individual.

Ethnicity

33. Table 5 below compares the characteristics of six month JSA customers to SEC starts, and six month JSA customers compared to the on-flow to JSA.

Table 5

| | White | Ethnic Minority |
|---|-------|-----------------|
| JSA on-flow ¹⁶ | 87% | 13% |
| JSA customers reaching 6 months ¹⁷ | 85% | 15% |
| Self Employment Credit Starts (six month eligibility) ¹⁸ | 92% | 8% |

34. The figures in Table 5 show that the take-up of the SEC credit from ethnic minority customers is lower than the proportion of ethnic minority customers in the eligible group (8% compared to 15%), but that ethnic minorities are more likely to reach six months unemployment than white JSA customers.

¹⁶ Source: National Benefits Database. Cohort of new JSA claims in 2008/09. The statistics in the table below are calculated by linking individual level data from the National Benefits database and the LMS Client Evaluation database, and is based on 3.1 million new JSA claims of which 520,000 have declared a disability during a Jobcentre Plus interview.

¹⁷ Source: National Benefits Database. Cohort of new JSA claims in 2008/09. The statistics in the table below are calculated by linking individual level data from the National Benefits database and the LMS Client Evaluation database, and is based on 3.1 million new JSA claims of which 520,000 have declared a disability during a Jobcentre Plus interview.

¹⁸ Six Month Offer Official Statistics, January 2011. Where data is unknown it has been excluded from the breakdown.

35. Overall, there could be a risk that ethnic minority customers will be under-represented in the group taking up NEA. The personalised approach of Jobcentre Plus will contribute to ensuring equality of access to JSA customers from all ethnic minority groups. In addition, the Ethnic Minority Advisory Group has been engaged on the issue of widening awareness of self-employment and NEA among Ethnic Minority communities.
36. We will monitor the take up of NEA as it is introduced.

Religion or belief

37. No data is available on the religion or faith of claimants who will be impacted by this proposal. All customers subject to New Enterprise Allowance will be treated fairly irrespective of their religion or beliefs. They will not be asked to undertake any activity which goes against their beliefs, and allowances will be made to reflect religious holidays and practices. It is not anticipated that the religion or belief of customers will affect their eligibility or take-up as both advisers and mentors will offer support tailored to individual circumstances.

Sexual orientation

38. No data is available to assess if New Enterprise Allowance will have an equality impact relating to sexual orientation. However, it is not anticipated that sexual orientation will affect customers' eligibility or take-up because advisers and mentors will offer support tailored to the individual.

Pregnancy and maternity

39. No data is available to assess if New Enterprise Allowance will have an equality impact relating to pregnancy and maternity. However, it is not anticipated that pregnancy and maternity will affect customers' eligibility or take-up because advisers and mentors will offer support tailored to the individual.

Staff Impact

40. The introduction NEA will not involve substantial changes to the JSA claimant's customer journey or the role of Jobcentre Plus advisors. Therefore we do not anticipate any equality issues relating the impact on staff.

Monitoring and evaluation

41. As one of the Get Britain Working measures, data recorded on NEA will be built into the overarching assessment of pre-Work Programme support, in line with the new Jobcentre Plus Performance Framework. The Framework moves Jobcentre Plus away from a culture of multiple targets to one focussed on performance in the round. Significantly, the framework also prescribes more local devolution and flexibility for both delivery and performance management. As such there will be a light touch approach towards central Get Britain Working evaluation, examining:

- flows off benefit and into employment (accountability against the Spending Review 2010 four-year Labour Market expectation)
- the quality of customer experience, as well as delivery volumes and
- the value for money and productivity story

42. The management information collected will be used to account for public spend, enable performance improvement and inform evaluation.

43. Jobseekers and Work Programme Division are currently developing an evaluation approach for the Get Britain Working measures, including NEA, as part of a wider evaluation strategy for pre-Work Programme support. Subject to resource and data availability it might seek to answer the following questions::

- Delivery – How effective are the key delivery partners (e.g. JCP and the lending organisation) in delivering NEA? What are the customer and mentor experiences of delivering the measure? What are the key operational lessons learnt from the delivery of the measure?
- Monitoring – What are the destinations of customers and how many have sustained periods of self employment? How many participants return to benefit before or soon after the end of the programme?
- Impact & Value for Money – What is the impact of NEA on business start-ups and additionality? Are there any indications of the level of displacement? How cost-effective is NEA business support?
- Where the data is available, monitoring of the diversity breakdown of customers who are interested in and then of those who actually receive NEA will be undertaken to ensure any unintended discrimination is identified and addressed.

44. Such an evaluation would incorporate both qualitative and quantitative approaches. Interviews could be conducted with NEA participants for the customer perspective and with employers, customers and appropriate Jobcentre Plus staff, to gather evidence on delivery. This could be supplemented with information from a claimant survey. Further options could be considered to determine the employment impact of NEA and its cost-effectiveness.

Next steps

45. This equality impact assessment will be regularly reviewed as the policy is implemented.

Contact details

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| Name of initiative | New Enterprise Allowance |
| Contact Details | Tom Stewart Address : Caxton House Tothill Street London Telephone number 020 7449 5027 Email Tom.stewart@dwp.gsi.gov.uk |