New Enterprise Allowance
Official Statistics

Background Information Note
1 Introduction

This note sets out:

- A short explanation of New Enterprise Allowance and how it works;
- The New Enterprise Allowance Official Statistics: what is included and how the statistics are put together, plus when and where they are published; and
- An amendment to the main source of data and associated methodology for scheme in June 2016.

To find out how the programmes fit with other programmes and to view the full range of Employment Support Programme Official Statistics, visit the Employment programme official statistics page.

2 New Enterprise Allowance

2.1 What is New Enterprise Allowance?

New Enterprise Allowance (NEA) aims to help unemployed people claiming out of work benefits who wish to start up their own business and was launched on 1 April 2011.

The scheme is designed to support the move into self-employment for those people who want to start their own business. NEA can provide mentoring support (provider-led) and financial assistance in the form of the NEA weekly allowance (administered by Jobcentres) to claimants who satisfy eligibility and are referred to the scheme by Jobcentre Plus work coaches. Claimants will also have access to the BIS Start-Up Loans scheme should they need additional start-up financial support.

From January 2015 NEA has been supported by contracted providers. Prior to this, NEA was available to claimants of Jobseeker’s Allowance (JSA), Employment and Support Allowance (ESA) in the work related activity group and lone parents claiming Income Support. Since the beginning of 2015, eligibility has extended to include Income Support claimants who are sick, dependant partners of JSA and ESA customers, and some Universal Credit claimants.

Participants in NEA work with a business mentor who will provide them with guidance and support as they develop their business plan and through the first six months of trading. Once they have started trading and left benefits, or reported a change of circumstance if they are on Universal Credit, they can apply to receive a weekly allowance. This consists of:
• a weekly allowance worth £1,274 over 26 weeks, paid at £65 a week for the first 13 weeks and £33 a week for a further 13 weeks, and

• if they need start-up capital, participants may also be able to access a start-up loan.

2.2 Payments to NEA providers

The following outcomes can be claimed by providers for NEA since January 2015:

Start Fee - this is paid to a provider when the participant has been accepted onto NEA and is triggered when the provider records a start.

Completion of Pre Start-up Period Fee - can be claimed by a provider when a participant has been notified of the outcome of the assessment of their Business Plan.

Commencement of Trading Outcome Fee - can be claimed by a provider following both the commencement of trading and signing off benefit (or notification of change, where the participant is on UC).

Completion of 26 weeks Trading Outcome Fee - can be claimed when a participant has been trading in a self-employed capacity and off benefit for a cumulative period of 26 weeks and within the 66 week allotted time. (UC claimants should have reported/maintained the change of circumstance for 26 weeks).

For more information on the scheme, eligibility wider guidance, see the NEA Provider Guidance at:


3 The Statistics

New Enterprise figures are released as Official Statistics. The statistics set out all starts on the scheme, by month, and the number and percentage of these that progress to set up a business.

Breakdowns are available for individuals on the scheme by age group, gender, disability and ethnicity. Geographical breakdowns are available by local authority, parliamentary constituency and region as well as jobcentre plus district and group.

The percentage of those who have started on the scheme, by qualifying benefit, is also given in all cases where the benefit could be identified.
3.1 Where can I get the New Enterprise Allowance Official Statistics?

The New Enterprise Allowance official statistics are available for viewing via the Employment Programme Support Official Statistics webpage which also provides access to other employment programme Official Statistics, the latest release timetable and other related information.

3.2 Publication Dates

The New Enterprise Allowance Official Statistics are released quarterly in March, June, September and December on the last Wednesday of the month unless this falls within a holiday period. This is most likely to affect the December publication but changes will be communicated at least 28 days in advance of any change.

3.3 Retrospection

Every effort has been made to ensure that the quality of these statistics is of the highest standard. However, it may be necessary to revise the statistics in subsequent publications when more complete data becomes available, particularly for more recent months, when there could be a high level of retrospection.

Retrospection refers to the time period allowed for additional or updated information to be incorporated into DWP’s data systems. The statistics are likely to see retrospection in each publication, particularly for the last six months of data. This is likely to affect the number of business starts particularly as it can be up six months from an individual starting to work with a mentor to a business starting up. There may then be a further period before the provider submits a claim for a particular outcome.

3.4 Revisions Policy

In accordance with Principle 2 of the UK Statistics Authority’s Code of Practice for Official Statistics, statistics within this publication adhere to DWP’s statistics revisions policy, which explains how we will make revisions and inform users of our statistics when they occur: https://www.gov.uk/government/organisations/department-for-work-pensions/series/dwp-statistics-policies-and-procedures

3.5 Rounding Policy

To reduce the risk of inferring the identity of a claimant from these statistics and other statistics, values are rounded to the nearest ten. Values less than ten, are suppressed and marked with a dash. Therefore totals may not equal the sum of the individual cells.
4 Methodology

4.1 General Methodology

Information on demographics is obtained by merging data across the LMS and PRaP system with the Client database, which sometimes results in unknown values. This is because either we are unable to find a match or the information has not been recorded for the particular claimant.

The PRaP system includes information on starts for claimants on Universal Credit data since January 2015. Currently we are only able to match these claimants on the PRaP system with historic characteristics records in the Client database (e.g., claimants with an entry for a legacy benefit like Jobseekers Allowance). As such we expect a higher number of unknown entries in the demographic breakdown Official Statistics.

For those on New Enterprise Allowance before the end of December 2014, a start is defined as the date the claimant first met with their business mentor. This is input by a work coach to the Jobcentre Plus’ LMS.

For those on New Enterprise Allowance since January 2015, a start is defined as the date the provider accepted the claimant on the programme. This is input by the provider on the PRaP system.

For those on New Enterprise Allowance before the end of December 2014, a business start is recorded when the claimant begins claiming the weekly allowance. The weekly allowance is only payable when the participant closes their claim to benefits and commences trading. The claim start date is input by the work coach into the Jobcentre Plus’ LMS.

For those on New Enterprise Allowance since January 2015, a business start is recorded when the claimant starts trading. This differs from pre-January 2015 data in that a claimant who starts trading but does not claim the allowance will be counted by PRaP, while earlier starts only count those claimants that started trading and made a claim.

4.2 Methodological Changes in June 2016

Between April and June 2016 a review of the NEA Official Statistics methodology took place. This was driven by a change in the preferred DWP system from which to collect the NEA data and presented an opportunity to review historic data to ensure that it could be presented in a consistent way with data available from January 2015 under the new provider-led NEA delivery model.

Prior to January 2015 the DWP Labour Market System (LMS) was used to collect information on starts to NEA and business starts. This system is used primarily as a management system by Jobcentre Plus. This system continued to be used as the main source of data for these Official Statistics up to and including the March 2016 publication.
From January 2015 the DWP Provider Referral and Payment (PRaP) has been used to manage the outcome payments made to providers. This system has presented an opportunity to consider the data in a more contextual way, allowing us to consider progress through the scheme from start to business set up and beyond for each new start.

From the June 2016 publication we have switched to using PRaP as the main source of data for data for those on NEA since January 2015.

**4.2.1 Data for those on NEA prior to the end of December 2014**

Data from LMS does not lend itself to monitor progress through the scheme because starts to NEA and business starts are recorded separately on the system. To link the data to be able to monitor progress for each case, it has been necessary to carry out a one-off data review of NEA data from LMS.

This data review identified 440 starts to the scheme and 80 business starts that were recorded more than once in the data and these have now been excluded. It also identified 650 business starts that had incomplete information about when they started on the scheme and data for these records has been inferred, resulting in an additional 650 starts being recorded to the scheme.

Furthermore there were 720 business starts which included no data to suggest when these cases may have originally started on the scheme. As there is not enough data to satisfactorily conclude when the individual started on NEA, these cases have been excluded from the Official Statistics.

**4.2.2 Data for those on NEA since January 2015**

For the Quarterly Official Statistics published in June 2015, September 2015, December 2015 and March 2016 a combination of LMS and PRaP was used to collect data on starts and business start-ups for the period from 1st January 2015 onwards. This is because the PRaP system for the new provision took some time to settle down and for business starts particularly to be claimed by providers and to be visible. Now that the reporting system is more mature the methodology for these statistics has been revised to include data from PRaP only for those referred to the scheme in the period from January 2015.

For those considered for the scheme towards the end of 2014 there is a period of overlap with the new provision as some starts to the scheme in early 2015 and some business start-ups during the year were delivered through the grant-funded provision and consequently data for these has been taken from LMS.

As of June 2016, there is no intention to revisit the LMS data for NEA provision, updates for future quarterly statistical releases will be taken from PRaP only.
4.2.3 Data presentation

Prior to the June 2016 publication, the NEA statistics were presented for all starts and business starts in the month these occurred. Data was presented on all starts and not individuals, and starts to NEA were referred to as “mentor starts”.

From the June 2016 publication, data on starts is now presented on a cohort basis, with the cohort month being the month of the start to NEA. For starts to NEA the data is consistent with the previous presentation, subject to the changes set out in 4.2.1 and some minor retrospection.

For business starts, data is now presented alongside the cohort month in which the start to NEA was made. Previously this had been in the month in which the business start was made. This has resulted in some shift of data between months, but overall numbers are consistent with previous publications, subject to the changes set out in 4.2.1 and some minor retrospection.

Data from the June 2016 publication also includes presentation of characteristics for individuals for the first time and their benefit when they first started on NEA.