

# **Freedom of Information request 434/2014**

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## **Information request**

- 1) when an individual is blacklisted from using the scheme
- 2) limitations of being able to use the scheme under any circumstance

Where there is a right, is there an exception??? It is not at all clear where the exceptions lie as the document produced is deficient of the rules. Where are the rules of the use of the scheme? Where is the terms of reference document of the use of the scheme? Where is the terms and conditions document that is given in how both parties are bound by the scheme?

The government must be transparent and show true figures and information as it was Parliament who said statistics production must be reviewed to show consistency and accuracy and my vote goes into the ballot box to be governed under probity, honesty, fairness, justice, accountability and transparency and that is the only way that I wish to be governed as I gave the government authority on the issue of voting to run the country in that way. There is a conflict noted 1) pay roll vote and 2) collective ministerial responsibility.

It is required to be known the organisations that operate the NEA mentoring services on behalf of DWP

Which Minister of the government is responsible for this scheme?

Which government Department is responsible for this scheme?

There appears to have been a lack of black and minority ethnic business set ups in the thousands. Why is this?

## **DWP response**

No individual is blacklisted from taking part in the New Enterprise Allowance (NEA) and we do not therefore have any numbers. The NEA is a voluntary scheme designed to help people in receipt of eligible benefits, to start their own business. To be eligible for referral to the scheme you have to be either:

- in receipt of Jobseekers' Allowance (JSA) but not mandated to the Work Programme;
- a lone parent with a child under the age of 5 in receipt of Income Support; or
- In receipt of Employment and Support Allowance as assigned to the Work Related Activity Group.

The guidance issued to Jobcentre Plus advisers regarding eligibility for JSA claimants is attached at Annex 1. There is slightly different guidance for the different benefit groups to reflect benefit conditionality, but the NEA process remains the same for all groups.

You will see from the guidance that there is no blacklisting of any potential participants. There are restrictions in place for people who have previously been self-employed immediately prior to claiming benefits. This is to ensure that we target the spending of public money on those who need the most support. However, even then there is no blacklist and they are eligible for referral to NEA as long as their business idea is demonstrably different from the business that has closed (regardless of the reason for that closure), and they have been in receipt of an eligible benefit for 13 weeks.

The rules of the NEA scheme are that you must have a business idea and be interested in self-employment. Once you have been referred to a provider your idea will be assessed for viability to ensure that there is a reasonable chance of your business succeeding. If your idea passes this assessment and you are accepted onto the scheme, you will work with a volunteer business mentor for usually around 8 weeks to develop your business plan. After this mentoring phase has ended your business plan is submitted for approval by the provider. If your business plan is approved, you will be eligible to claim the allowance element of NEA as soon as you have left benefits and commenced trading. You will not be eligible for the allowance if your business plan is not approved, and you cannot claim the allowance whilst also claiming benefits.

The NEA is delivered by providers called Lead Accountable Bodies (LABs). They provide the NEA mentoring services via a Grant Agreement which is a legally binding document similar to a contract, the main difference being that our LABs are not able to make any profit from the Grant Agreement. A full list of our LABs can be found on the Gov.uk website:

<https://www.gov.uk/government/publications/new-enterprise-allowance-organisations-that-help-dwp-provide-the-scheme>

Our statistics show that approximately 15% of mentor starts; and 13% of allowance claims (the proxy measure we use for business starts) have declared themselves to be from a non-white background. Approximately 19% of the total claimant count have declared themselves to be from a non-white background. There is a small disparity here, however it must be remembered that participation in the NEA is entirely voluntary, and we cannot coerce or

force anybody to enter into self-employment. Participants are self-selecting and all claimants that express an interest are referred to a LAB to have their business idea assessed.

To support the drive to help people from all backgrounds into self-employment, we have an ongoing marketing campaign underway, headed by Levi Roots, which highlights the valuable support available to New Enterprise Allowance participants. Details of the campaign are available here <https://www.gov.uk/government/collections/new-enterprise-allowance-campaign>

The Minister responsible for NEA is Esther McVey, Minister for Employment in the Department for Work and Pensions.

## **Annex 1**

### **Eligibility / suitability to join NEA**

1. New Enterprise Allowance (NEA) targets JSA claimants aged 18 and over.
2. Eligibility commences from the date JSA is awarded in all but the following instances:
  - A claimant sanctioned for leaving their last employment voluntarily or for dismissal due to misconduct, is not eligible for NEA until their claim has been in place for 13 weeks (NB where such doubts have been raised at the NJI, a referral to NEA must not be considered until the decision is received)
  - A claimant who ceased running their own business at any point in the 3 months prior to the claim date is not eligible for NEA until they have a continuous claim of 13 weeks. Additionally, their proposed business idea must be demonstrably different from the business that had ceased trading before they made their claim.
3. For all claimants, eligibility for NEA ends at the point they are referred to Work Programme (i.e. a claimant taking part in Work Programme provision is not eligible for NEA). Eligibility resumes when Work Programme provision has been completed.
4. For information on NEA and State Pension, see the 'NEA and State Pension' section.
5. A claimant already running a business, on a part-time basis, and claiming JSA must not be helped through NEA unless they are proposing to set up a new full-time business in an entirely different sector.
6. JSA 'credits only' claimants are eligible for NEA providing they meet the above criteria. Non-claimants are not eligible for NEA.
7. Because the weekly allowance is designed to help the claimant build up their business, NEA is not appropriate for a claimant who is taking a job offered by an employer on a self-employed basis.
8. Claimants suitable for referral to the mentoring partner organisation are those with a clear idea of the business they want to start and are ready to commit to exploring how to turn the idea into a reality; the proposed business must be one that will be based in Great Britain. The mentoring organisation is responsible for assessing the viability / suitability of the claimant's business idea; Jobcentre Plus staff must not venture an opinion in this regard.

9. A claimant who is not clear about what sort of business they want to set-up should be signposted to other, more appropriate, sources of help.

### **Claimant has taken part in NEA before**

10. A claimant who has previously taken part in NEA can be referred again but Advisory Teams should take extra care with these cases. Advisory Teams must ensure ALL the criteria set out in the main body of eligibility / suitability to join NEA are applied.
11. For those who previously claimed the NEA weekly allowance, particular attention should be given to the second bullet point in paragraph 15. In addition, why did the claimant cease trading? If they propose the same idea, have their circumstances changed or have any issues that led to them ceasing to trade been resolved?
12. For those who previously completed the NEA mentoring stage only, the key consideration is one of suitability. Advisory Teams should be questioning why the claimant didn't progress to trading last time - have circumstances changed, do the same barriers exist (this assumes even greater importance if the claimant is proposing the same business idea as previously).
13. For those who dropped out of NEA during the mentoring stage, see Mentoring stage drop-out wishes to re-join.
14. For those who had a claim break during their mentoring stage, see NEA mentoring participant has a break in their claim.

### **Training for Work (Scotland)**

15. TfW leavers and completers are eligible for NEA if, at the point of referral to the NEA mentoring partner organisation, they have an established claim to JSA.
16. Under no circumstances can TfW provision and NEA be accessed at the same time.

### **Joint claims and dependant partner cases**

17. Each member of a joint claim can access NEA as long as each meets the eligibility criteria. The two individuals can start a business together as long as each will be engaged, for a minimum of 16 hours per week, in running the business.
18. A dependant partner of a JSA claimant is not eligible for NEA.