

# New Enterprise Allowance Statistics

Data to 31 March 2017

Quarterly

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Great Britain

Official Statistics

New Enterprise Allowance is a scheme for unemployed people who wish to start-up their own business. It was introduced in April 2011, and is open to people aged 18 and over, who are: claiming Jobseeker's Allowance (JSA) or Employment and Support Allowance (ESA); the dependent partners of JSA/ESA claimants; Income Support claimants who are lone parents or who are sick/disabled; and some Universal Credit claimants.

199,100 starts on the NEA scheme by  
188,140 individuals.

to 31<sup>th</sup> March 2017

105,500 businesses set up through the  
NEA scheme by 104,130 individuals.

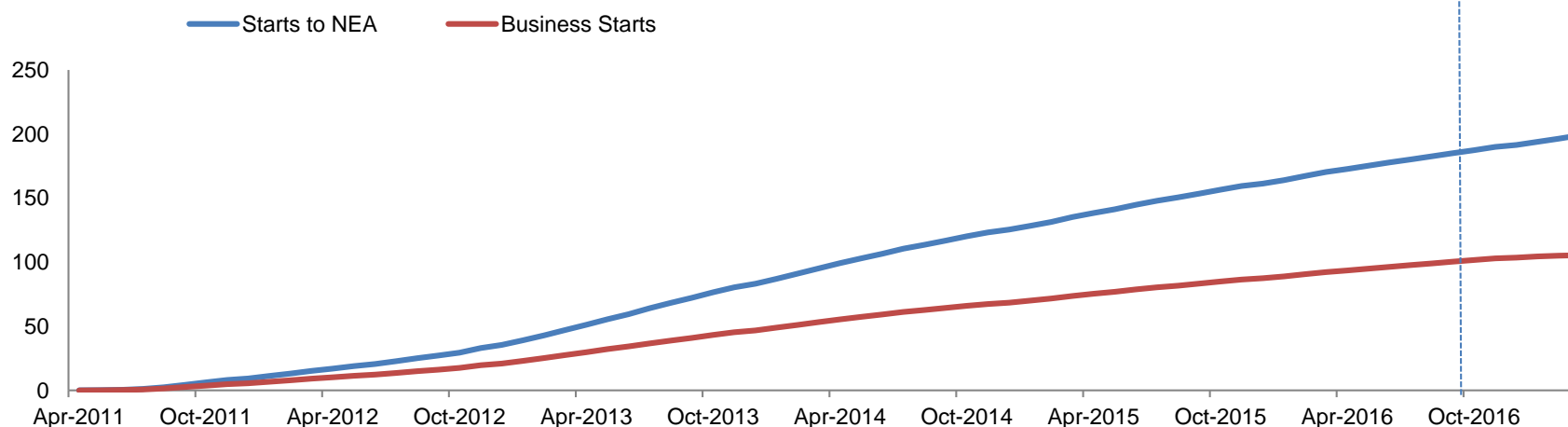
to 31<sup>th</sup> March 2017

69% of people who started a business  
are in the 25-49 year old age group.

to 31<sup>th</sup> March 2017

## Cumulative starts to NEA and business starts, by month of start to NEA, April 2011 to March 2017

Thousands



The end of the series under-represents the number of business starts due to the lag between starting on the scheme and launching a business.

## At a glance

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There have been 199,100 starts to NEA and 105,500 businesses set up through the scheme since April 2011.

### Main benefit of individuals starting NEA

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Around 1 in 3 of those starting NEA, in March 2017, were on a non-JSA benefit.

### Characteristics of those on NEA

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Over a third of those participating in NEA are women. Around 7 in 10 are aged 25-49.

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The scheme is open to eligible claimants on JSA, ESA, IB, IS and UC.

### Delivery since 2015

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Changes in the delivery model from January 2015

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## New Enterprise: Introduction

Participants receive access to a business mentor who provides them with guidance and support as they develop their business plan. **This is referred to as a start to NEA.**

Once a claimant has shown they have a viable Business Plan that demonstrates the business' sustainability potential, they are able to access financial aid alongside the business mentor continuing to provide support through the first six months of trading. **This is referred to as a business start.**

This financial aid consists of an 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. Participants may also be able to access a start-up loan, if required.

New Enterprise Allowance is available across Great Britain. It was initially rolled out in stages across 17 target districts between April and July 2011. Roll out across the remaining 20 districts was completed at the end of August 2011.

It was introduced for people 18 and over, claiming Jobseeker's Allowance (JSA) for 26 weeks or more. Since October 2012, however, JSA claimants could apply from day one of their claim.

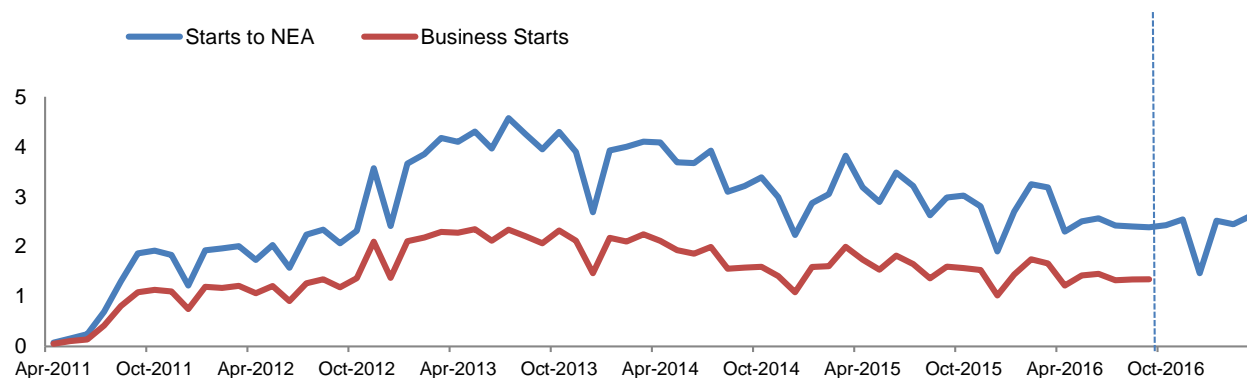
From January 2015, starts to NEA have been supported by contracted providers and eligibility extended to include claimants of Employment and Support Allowance (ESA), Incapacity Benefit (IB), Income Support (IS) and Universal Credit (UC). Since April 2017 the scheme has been made available to a wider range of claimants and new contracts for delivery are in place. These changes will be reflected in a future release of these statistics.

## Status of the statistics

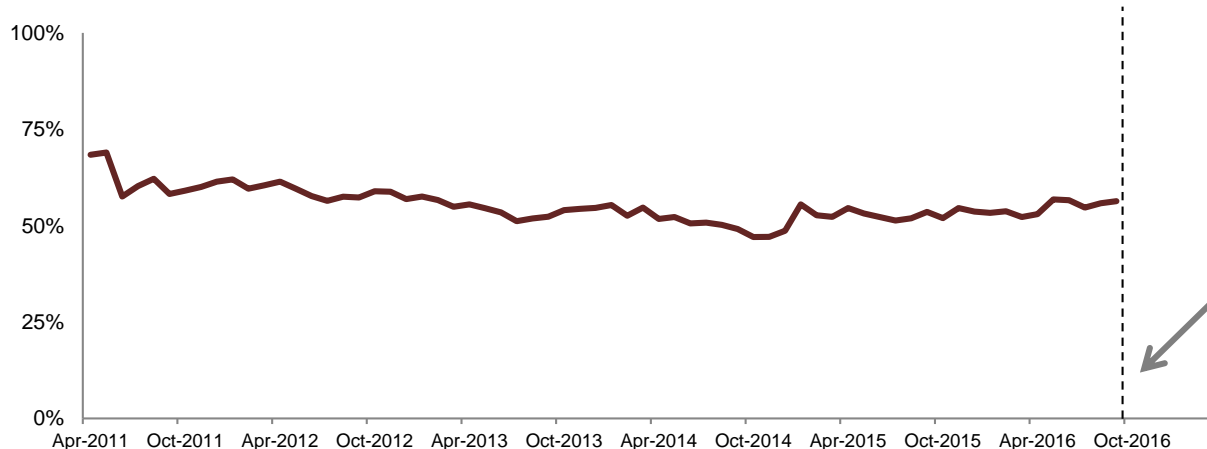
This document includes figures from April 2011 to March 2017 for the New Enterprise Allowance scheme. Prior to 2015, data was taken from the Labour Market System (LMS). Since January 2015, data has been taken from the Provider Referrals and Payments (PRaP) dataset. The May 2017 PRaP dataset has been used, with data taken up to the end of March 2017. The January 2017 National Benefit database has also been used.

# All starts to New Enterprise Allowance

Number of starts and number of businesses set up, by month of start, April 2011 to March 2017<sup>1</sup>  
Thousands



Percentage of starts progressing to set up a business, by month of NEA start



## Main findings

There have been **199,100 starts to NEA** and **105,500 businesses** set up through the scheme since April 2011.

Over the last year (April 2016 to March 2017), there have been **28,610 starts to NEA**. This is around 18.8% lower than the previous 12 month period, and is set against a backdrop of a falling JSA caseload over this time.

**54% of NEA** starts in the twelve months to September 2016 have progressed to set up a business.

A time lag is expected in the data as participants may take up to 6 months after starting on NEA, to develop their business plan and set up their business. For example, only a very small number of those who started NEA in March 2017 will have moved on to set up their business in the same month.

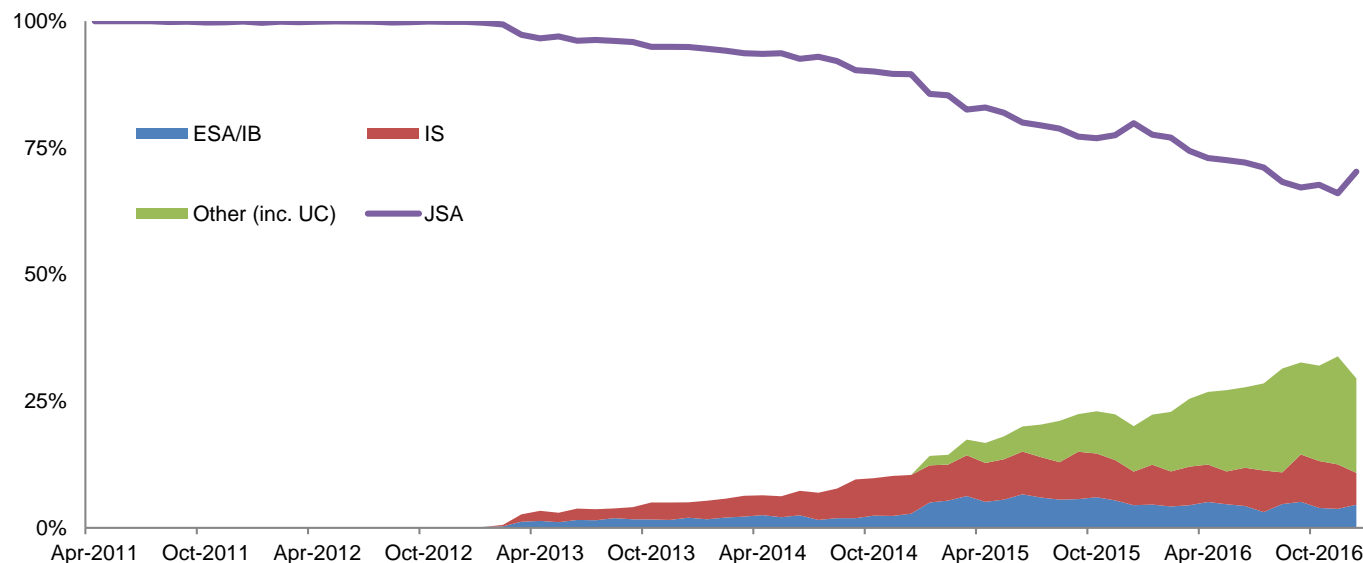
It is possible that people will participate more than once on NEA. Since April 2011, **188,140 individuals** have started on the scheme and up to March 2017 **104,130 individuals (55%)**, have progressed to set up a business. Pages 5 to 6 set out some of the characteristics of these individuals.

Business starts can lag behind starts to NEA, and thus the last six months of data is not illustrated here; provisional figures can be found in the tables.

<sup>1</sup> Data on business starts go up to September 2016 as a result of the lag between individuals starting on NEA and setting up their business. Provisional figures for the last six months of business starts can be found in the accompanying tables.

# Main benefit of individuals starting New Enterprise Allowance

Percentage of individuals starting NEA on JSA and non-JSA benefits, April 2011 to December 2016\*



\*Chart does not include benefit status for just over 2k individuals where the status is not known.

## Main findings

Initially, New Enterprise Allowance was only available to JSA claimants. It has since been gradually rolled out to ESA/IB, IS and UC Claimants. Further explanation of the history of this roll-out, can be found in the, 'Eligibility and Phases of NEA' section on page 10.

There is a time lag in being able to match NEA starts to the national benefits database which means the data in this chart can only be taken up to December 2016. Of those starting on NEA in December 2016 where the benefit status is known, around **70% were on JSA with a further 5% on ESA and 6% on IS, with around 19% on other benefits (including those on UC).**

The chart illustrates the benefits that individuals were on when they first started on the NEA scheme. Hence, it shows the earliest start date for those who may have started on the scheme more than once.

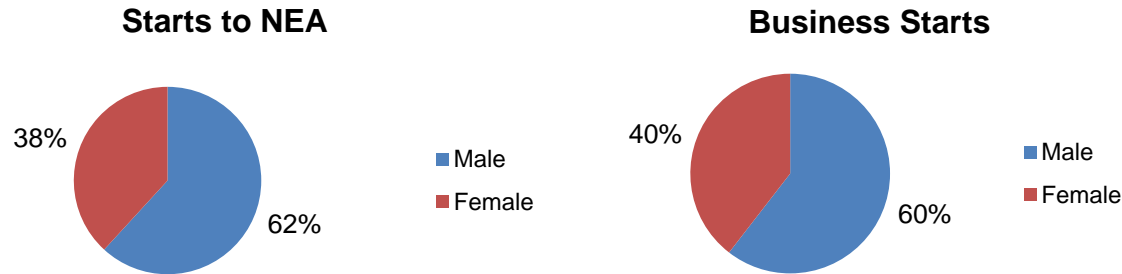
Universal Credit is being rolled out nationwide, and will eventually replace all non-contributory out of work benefits, including Jobseeker's Allowance, Employment and Support Allowance and Income Support.

It is expected that when Universal Credit roll-out has been completed, the majority of people will claim Universal Credit before they take part in New Enterprise Allowance. While some Universal Credit claimants are in-work, but require in-work financial aid, the NEA scheme is only available to those Universal Credit claimants who are not in employment, education or training.

# Characteristics of those on New Enterprise Allowance

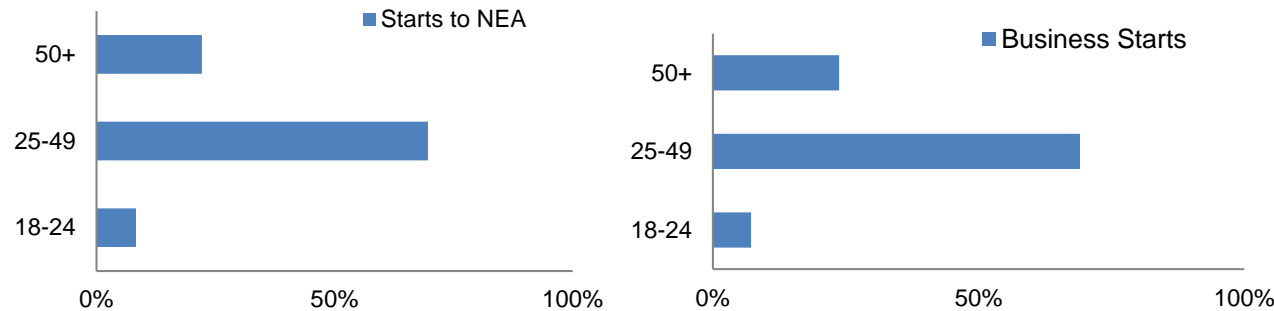
## Almost 72,000 of those starting on NEA are women

Percentage, by gender



## Around 7 out of 10 of those starting on NEA are aged 25-49

Percentage, by age group



## Main findings

Out of the people who **started on NEA**, **71,950 are women** (38% of all starts) and **40,930** amongst them (40% of all business starts) have progressed to **set up a business**.

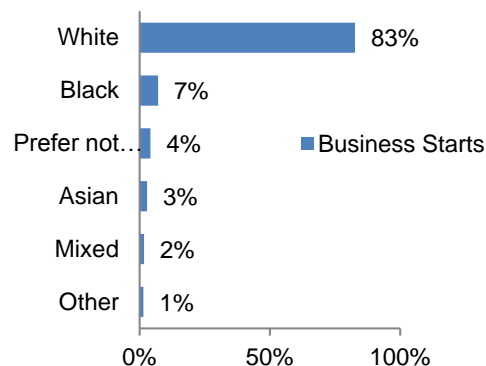
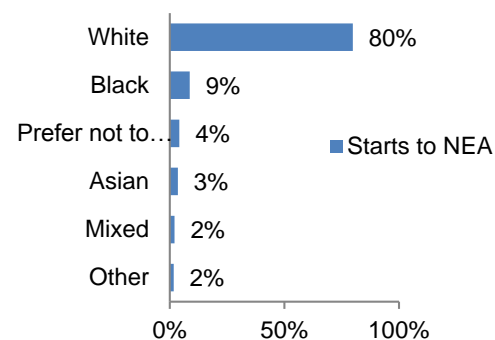
This is comparable to average JSA caseload figures covering the period between January 2013 and March 2017; 37% for females and 63% for males.

Men and women are equally likely to set up a business when starting NEA (i.e. around 57% of women vs. 54% of men).

The largest number of those on NEA is in the 25-49 year old age range, with **130,250 individuals starting NEA** in this age group.

## Around 1 in 6 of those starting on NEA come from ethnic minorities

Percentage, by ethnicity

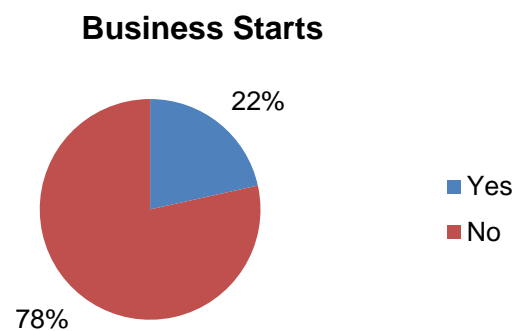
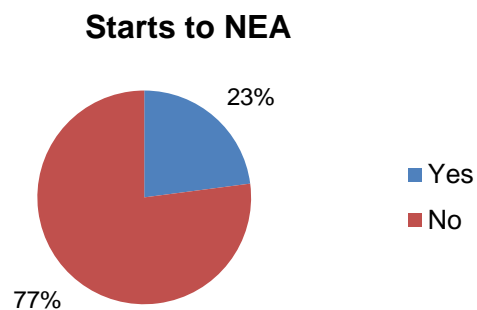


### Main findings

**149,290** (80%) of those who started the scheme have identified as white, with a further 16% from ethnic minorities and 4% where ethnicity was not identified.

## Around 1 in 5 people who have participated have a self-declared disability

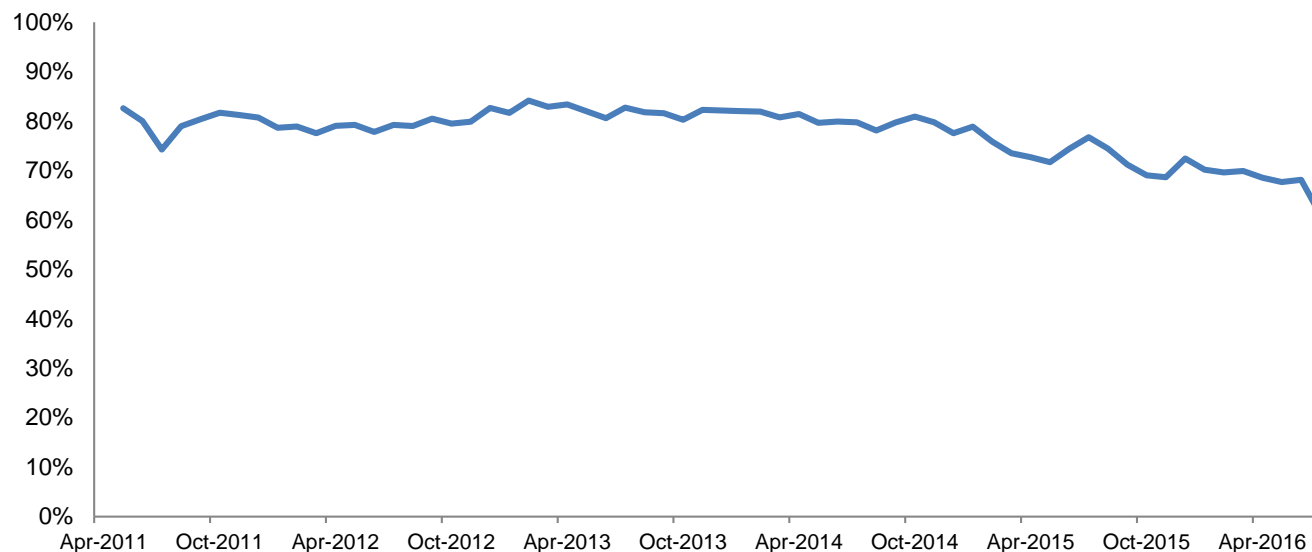
Percentage, by self-declared disability



Of those starting on NEA **43,620** had a self-declared disability, with **22,360** of these progressing to set up a business.

## Percentage of individuals off benefit continuously, for 26 weeks following the business start.

Percentage by month of earliest business start on NEA, April 2011<sup>2</sup> to July 2016



### Main findings

When tracking participants for 26 weeks (6 months), after business start, we looked at those who were off benefit continuously (all 26 weeks, without a break).

Overall, the proportion of NEA participants who were **off benefit for 26 weeks continuously was around 78%**.

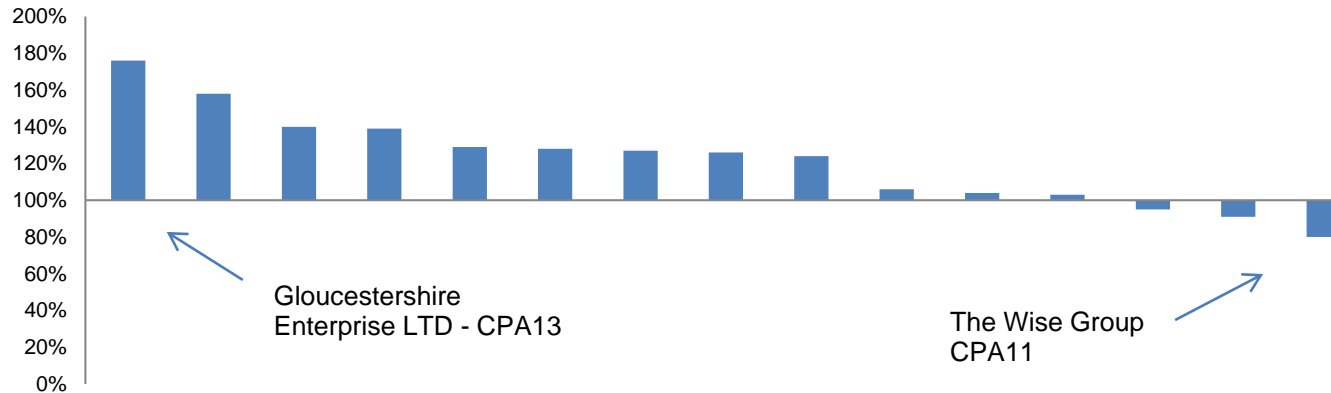
Information on benefits from the National Benefits Database is only available up to January 2017; therefore data for participants who started their businesses since August 2016 and off benefit continuously for 26 weeks is not yet available.

<sup>2</sup> April-2011 is being excluded from this chart due to low number of data. The first complete month of data is May-2011.

# New Enterprise Allowance: contractual performance

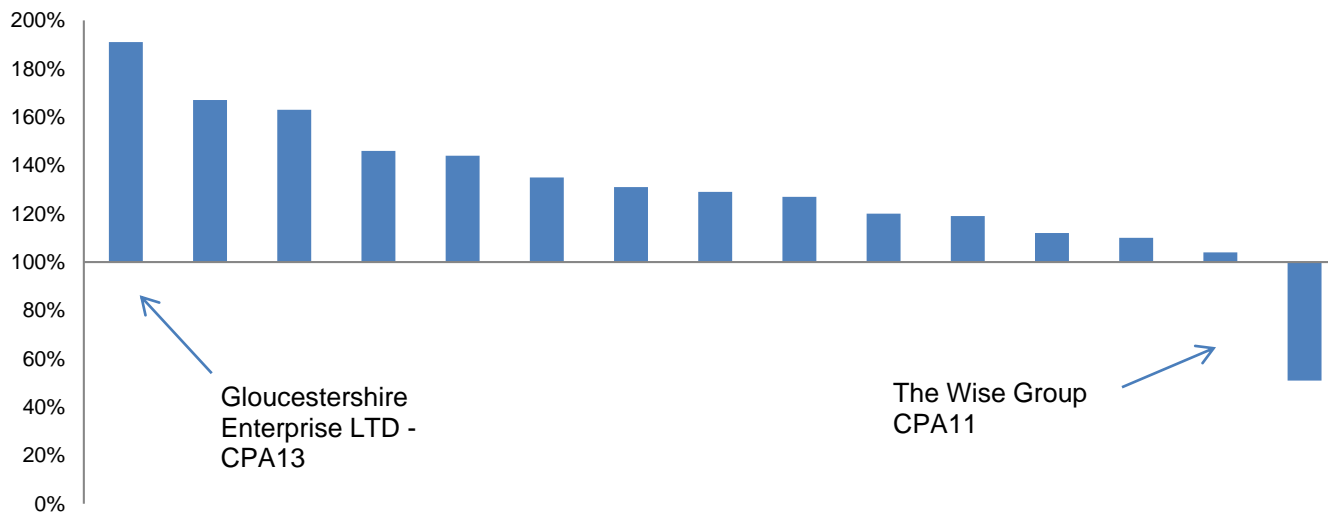
## Business Start Contractual Performance

Actual performance as percentage of expected performance in the last 12 months, by contract



## 26 weeks trading Contractual Performance

Actual performance as percentage of expected performance in the last 12 months, by contract



## Main findings

The NEA contractual performance is for the period, April 2016 to March 2017.

The NEA scheme is delivered by 8 providers operating in 15 contract package areas (CPA). Two CPAs have not had 12 months of performance and are therefore not included in these figures. On 1 April 2016 the NEA mentoring programme was extended; two NEA contracts were not extended (LearnDirect CPA3 and Wise Group CPA11) and therefore their NEA mentoring Services Contract will end, as agreed, on 31st December 2016.

The providers have an expected performance level. Actual performance is measured against this expected performance level and is presented in these charts. The performance shown is rolling 12 months actual performance against the expected performance level.

Over the period April 2016 to March 2017, 12 contracts met their expected number of trading starts. In total, over the period, the number of trading starts was 17,560 against an expectation of 14,580.

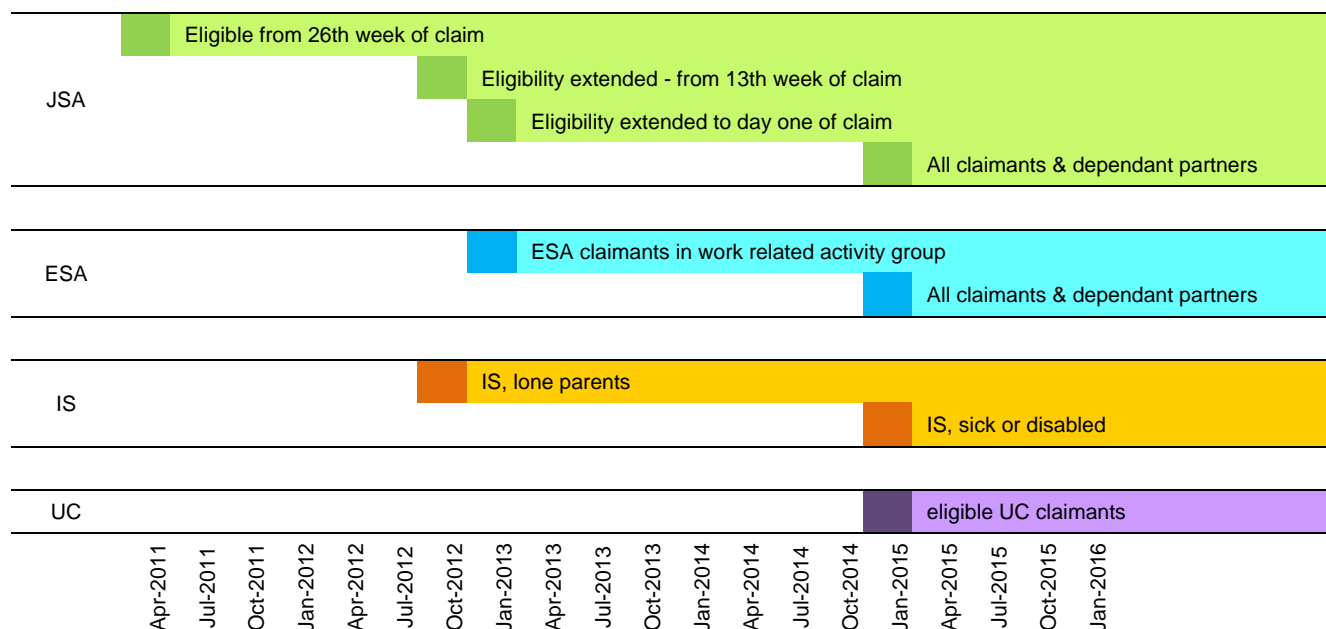
Over the period April 2016 to March 2017, 14 contracts met their expected number of 26 week trading outcomes. In total, over the period, the number of 26 week trading outcomes was 15,920 against an expectation of 12,420.



# Eligibility for New Enterprise Allowance

## Over time, many more participants are eligible for the scheme

A timeline demonstrating month of introduction for changes in eligibility of the scheme



Initially, NEA was only introduced for JSA Claimants after 26 weeks of claiming.

From October 2012, eligible claimants were able to participate from day one of their claim.

As of January 2015, eligibility was expanded to cover all claimants in receipt of Jobseeker's Allowance and Income Support, Employment and Support Allowance in the Work Related Activity Group, and some UC claimants.

From **January 2015** new starts to NEA have been delivered by contracted providers. The way data is collected for these official statistics has changed to reflect this; data for starts prior to January 2015 is taken from the Labour Market System and data for starts since January 2015 taken from the Provider Referral and Payment (PRaP) system.

For starts prior to January 2015 a **start to NEA** is defined as the date the claimant first met with their business mentor. For starts since January 2015, a **start to NEA** is defined as the date the provider accepted the claimant on the programme. These starts have previously been recorded in the Official Statistics as "mentor starts".

For starts prior to January 2015, a **business start** is recorded when the claimant begins claiming the weekly allowance. For starts since January 2015, a **business start** is recorded when the claimant starts trading.

# NEA delivery

## The delivery model for NEA changed in January 2015

New Enterprise Allowance is delivered by private providers on behalf of the Secretary of State for Work and Pensions. Providers compete via competitive tender, and contracts are awarded regionally. DWP assesses these contracts in order to ensure value for public funds is met.

### Role of the Provider

Jobcentre Plus will inform those eligible about the NEA Mentoring Scheme

The JCP Adviser will make a referral which will create a referral in the Provider referrals and payment (PRaP) System. The provider then can accept or reject the referral

Providers conduct an initial assessment within 10 days of referral date in order to assess if participant has a viable business plan with a reasonable chance of success. Providers notify Job Centre Plus via the PRaP system within 2 days of the outcome.

Providers assign a business mentor which assists the participant to develop a business plan. For the participant with actively seeking work in their conditionality, this is replaced with participants must make full commitment to the NEA mentoring scheme.

Participants submit business plans for consideration; if approved participants proceed to trading. Participants are no longer eligible for out of work benefits. In order to support the participants, the business mentor continues to support the participant for the first 6 months and is entitled to a New Enterprise Allowance which is administered by Job Centre Plus. A New Enterprise Allowance weekly allowance of £65 is paid for the first 13 weeks of trading followed by a weekly allowance of £33 for the remaining 13. Providers must also ensure participants are informed of start-up loans provided by the Department for Business, Innovation and Skills in order to access additional start-up capital.

## About these statistics

These official statistics have been compiled using data from the Labour Market System (LMS) and Provider Referral and Payment System (PRaP).

## Where to find out more

This document and the summary tables can be found here: <https://www.gov.uk/government/statistics/new-enterprise-allowance-april-2011-to-march-2017>

Older releases can be found here but please note that figures are subject to change. <https://www.gov.uk/government/collections/pre-work-programme-and-get-britain-working>.

A more detailed background note provides information on the New Enterprise Allowance programme and the statistics we publish on it: <https://www.gov.uk/government/publications/new-enterprise-allowance-statistics-background-information-note>