

# New Enterprise Allowance Statistics

Data up to 31 December 2019

Bi-annual

Published: 29 April 2020  
Great Britain

Official Statistics

New Enterprise Allowance (NEA) is a programme 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 (IS) claimants who are lone parents or who are sick/disabled; and some Universal Credit (UC) claimants. Since April 2017, eligible claimants wishing to start their own business are taking part in NEA phase 2. This statistical release includes starts on both phase 1 & 2 of the programme.

247,000 starts on the NEA programme  
by 215,000 individuals.

to 31 December 2019

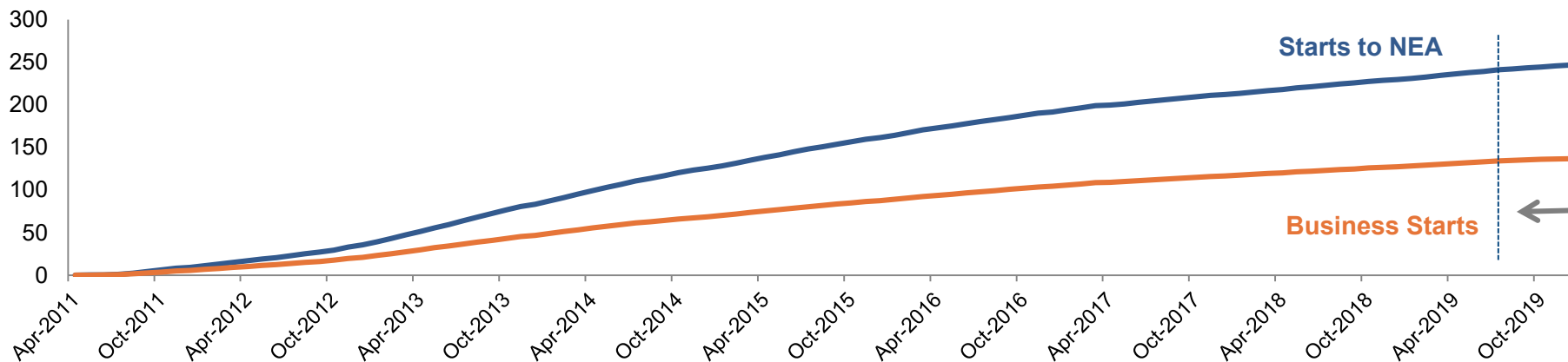
137,000 businesses set up through the  
NEA programme by 134,000 individuals.

to 31 December 2019

Over 8 in 10 people who started NEA  
in December 2019 were on Universal  
Credit.

## Cumulative starts to NEA and business starts, by month of start to NEA, April 2011 to December 2019

Thousands



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

## At a glance

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### All starts to New Enterprise Allowance

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There have been 247,000 starts to NEA and 137,000 businesses set up through the programme since April 2011.

### Main benefit of individuals starting NEA

4

In November 2019 around 83% of those starting NEA, were claiming Universal Credit (UC).

### Characteristics of those on NEA

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Around 4 in 10 of those participating in NEA are women. Around 7 in 10 are aged 25-49. Around a quarter declared a disability.

**Analyst:** Jakob Reinholdsson

[Jakob.reinholdsson@dwp.gov.uk](mailto:Jakob.reinholdsson@dwp.gov.uk)

**Lead Statistician:** Aniel Anand

[Aniel.Anand@dwp.gov.uk](mailto:Aniel.Anand@dwp.gov.uk)

**DWP Press Office:** 0203 267 5129

Thoughts? We welcome [feedback](#)

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## New Enterprise Allowance: 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 some Universal Credit (UC) claimants.

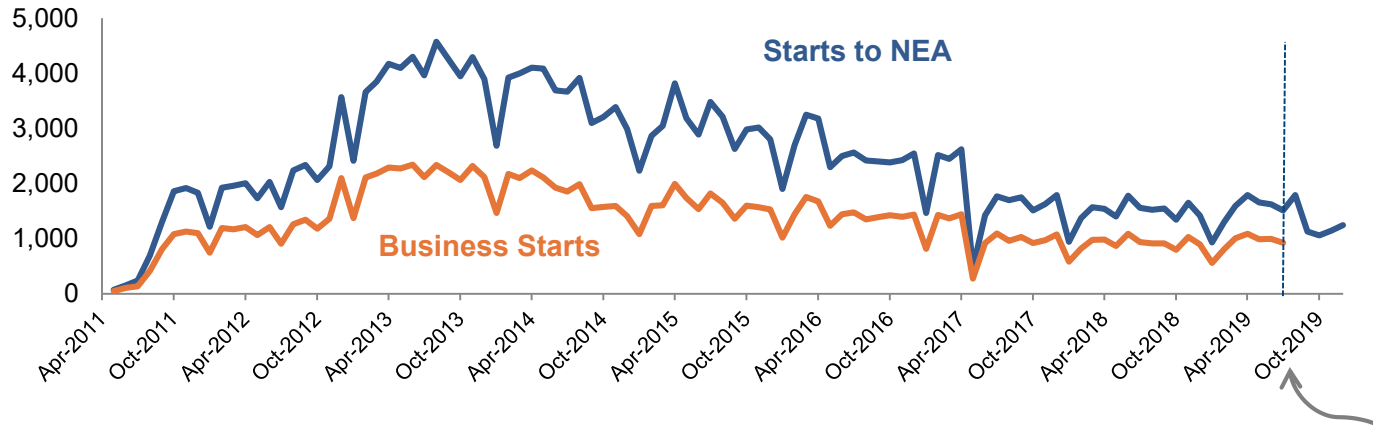
Since April 2017, eligible claimants wishing to start their own business are taking part in NEA phase 2. This new phase of the programme involves a slightly different customer journey according to which claimants should first attend a Link Up: Start Up Workshop before moving on to start to NEA. NEA Phase 2 has been made available to a wider range of claimants including UC recipients with existing businesses whose earnings fall under their Minimum Income Floor (although these UC claimants only receive the support from a business mentor and do not receive the allowance).

### Status of the statistics

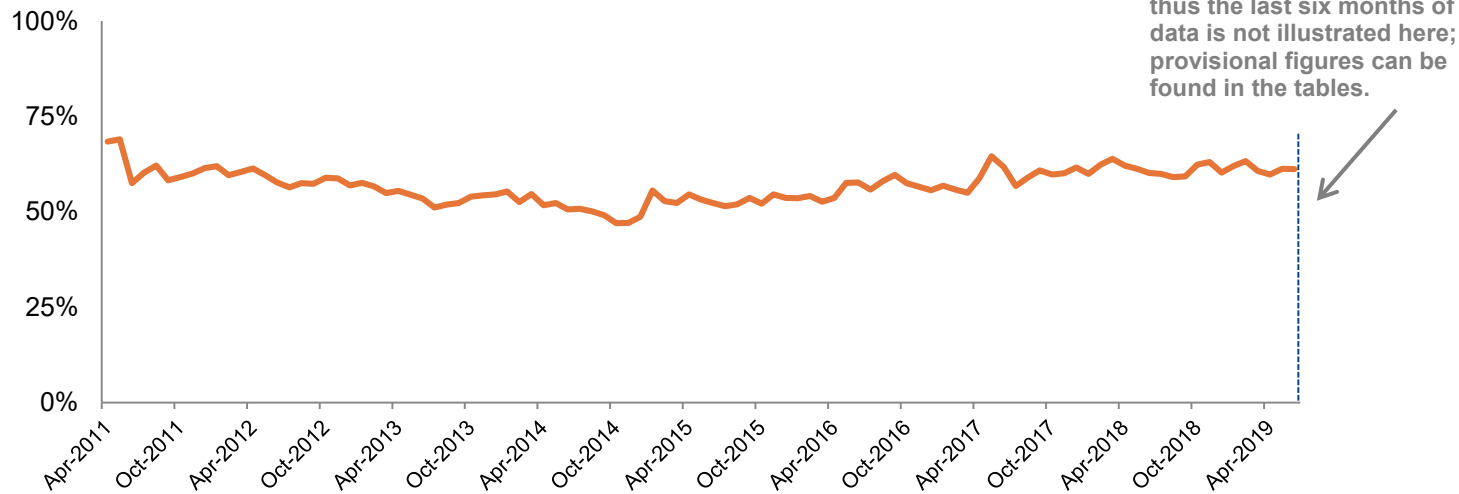
This document includes figures from April 2011 to December 2019 for the New Enterprise Allowance programme. Prior to 2015, data was taken from the Labour Market System (LMS). Since January 2015, data has been taken from the Provider Referrals and Payments (PRaP) dataset. The February 2020 PRaP dataset has been used, with data taken up to the end of December 2019. The November 2019 National Benefit Database and the March 2020 UC Official Statistics Dataset have 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 December 2019<sup>1</sup>



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



## Main findings

There have been **247,000 starts to NEA** and **137,000 businesses** set up through the programme since April 2011.

In 2019, there have been around **16,700 starts to NEA**; staying fairly steady compared with the previous year.

The fall in starts to NEA and business starts in April 2017 was a result of an introduction of the Link Up Start Up (LUSU) workshop process.

In the twelve months to December 2019, for every 10 NEA starts there were 6 Business starts.

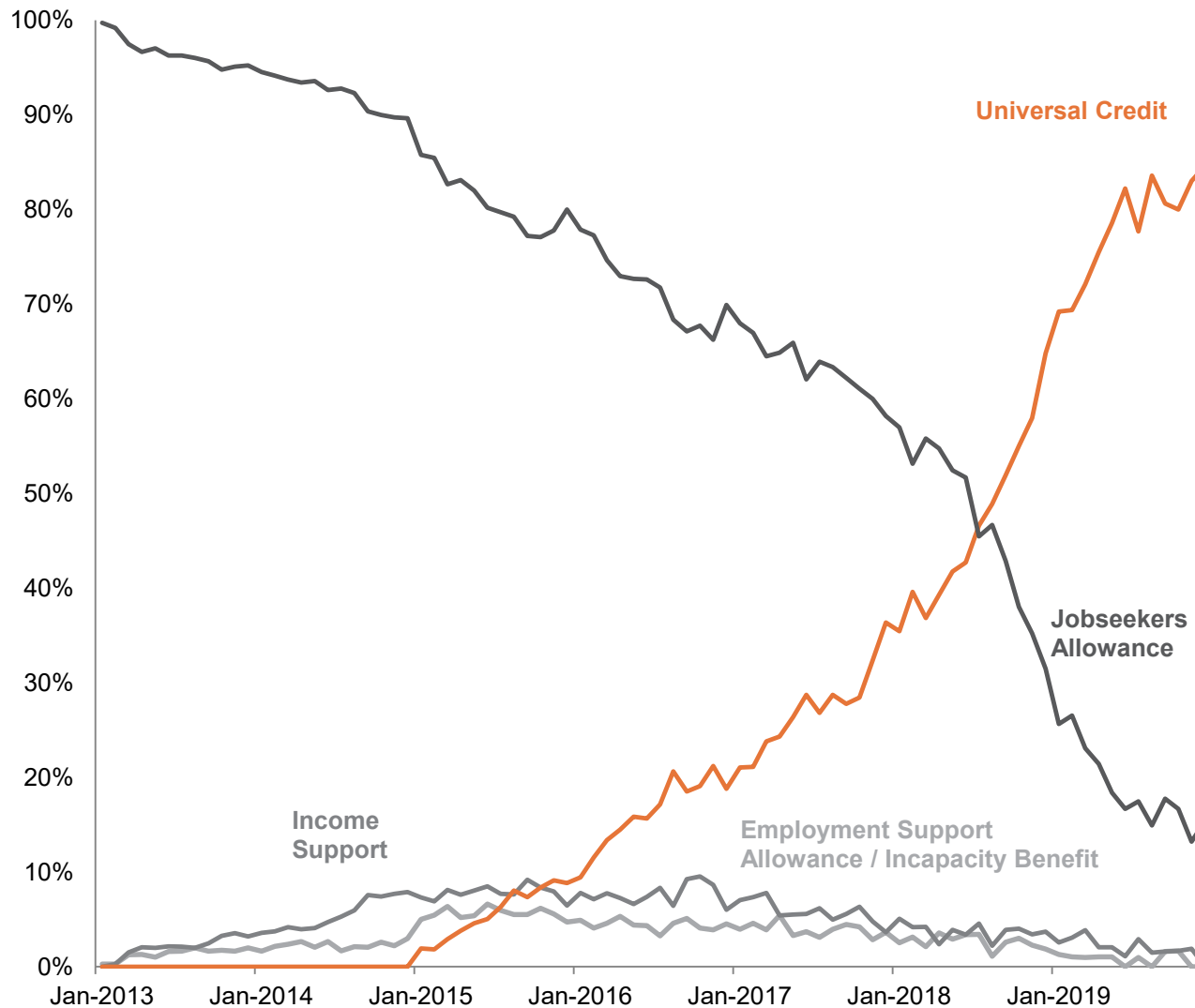
A time lag is expected in the data as participants may take up to 6 months after starting on NEA, to develop their business plan and set up their business. For example, only a very small number of those who started NEA in December 2019 will have moved on to set up their business in the same month.

It is possible that people will participate more than once on NEA. Since April 2011, a total of **215,000 individuals** have started on the programme and up to December 2019 **134,000 individuals (62%)**, have progressed to set up a business.

<sup>1</sup> Data on business starts go up to June 2019 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

Proportion of individuals starting NEA on JSA and non-JSA benefits, January 2013 to November 2019



## Main findings

Initially, New Enterprise Allowance was only available to JSA claimants. It has since been gradually rolled out to Employment Support Allowance/Incapacity Benefit, Income Support and Universal Credit 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 November 2019. Of those starting on NEA in November 2019 where the benefit status is known, around **83% were on UC, 13% on JSA with a further 2% on ESA/IB and 2% on IS.**

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

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

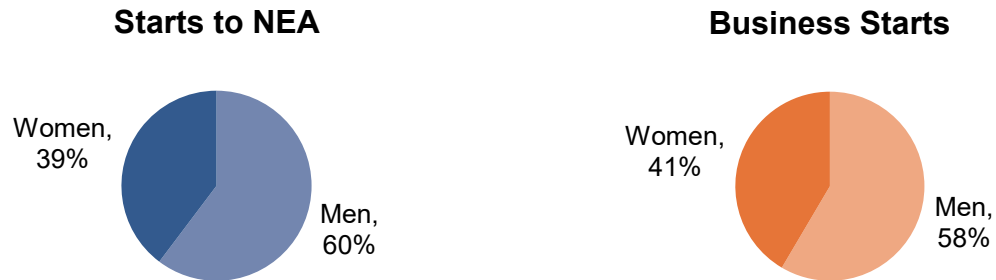
Now that all new income-related benefit claims are made to Universal Credit, the majority of people claim UC before they take part in New Enterprise Allowance. While some UC claimants are in-work, but require in-work financial aid, the NEA programme is only available to those UC claimants who are not in employment, education or training. Phase 2 of the programme has been made available to a wider range of claimants, including UC recipients with existing businesses. NEA Starts for this group of claimants are reported separately within this publication.

# Characteristics of those on New Enterprise Allowance

Gender and Age breakdown, April 2011 to December 2019

## Around 84,000 of those starting on NEA are women<sup>2</sup>

Proportion, by gender



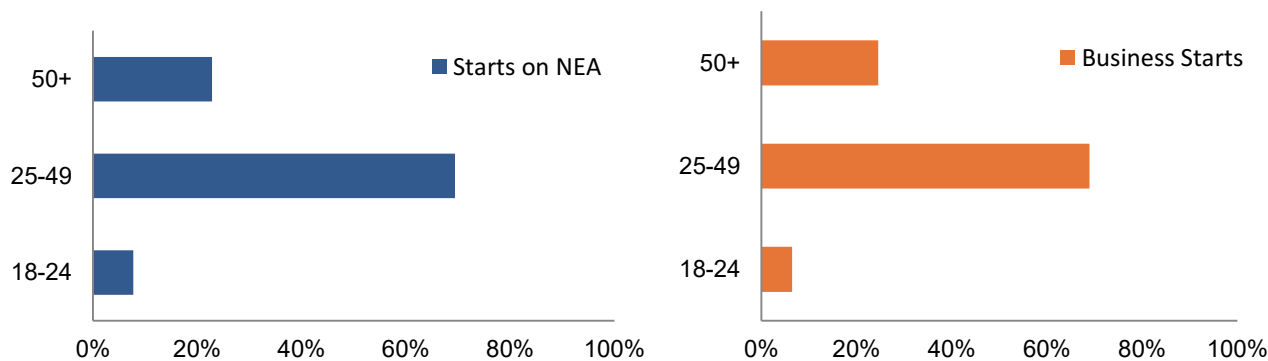
## Main findings

Out of the people who **started on NEA**, around **84,000 are women** of which around **55,000** have progressed to **set up a business**.

Around 65% of women move on to set up a business when starting NEA compared with 60% of men.

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

Proportion, by age group

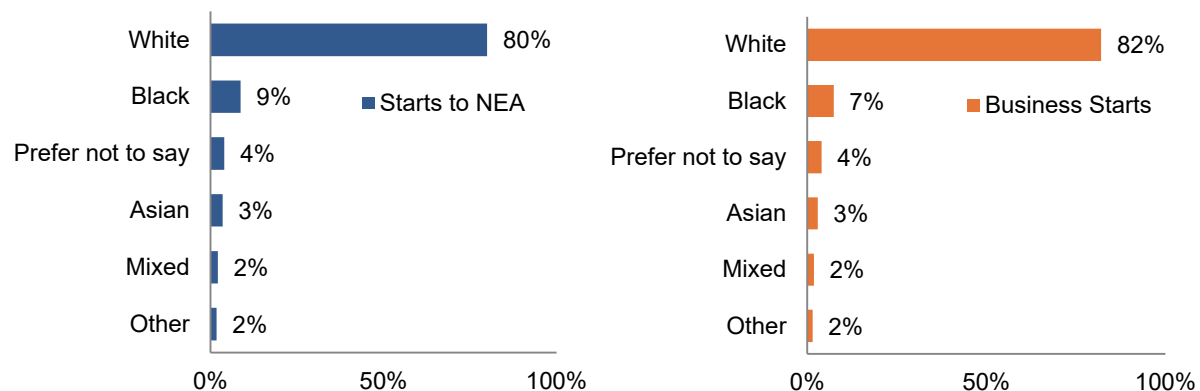


Most people are aged 25-49, with **147,000 individuals starting NEA** in this age group.

<sup>2</sup> Numbers may not sum due to rounding and unknown category.

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

Proportion, by ethnicity<sup>3 4</sup>

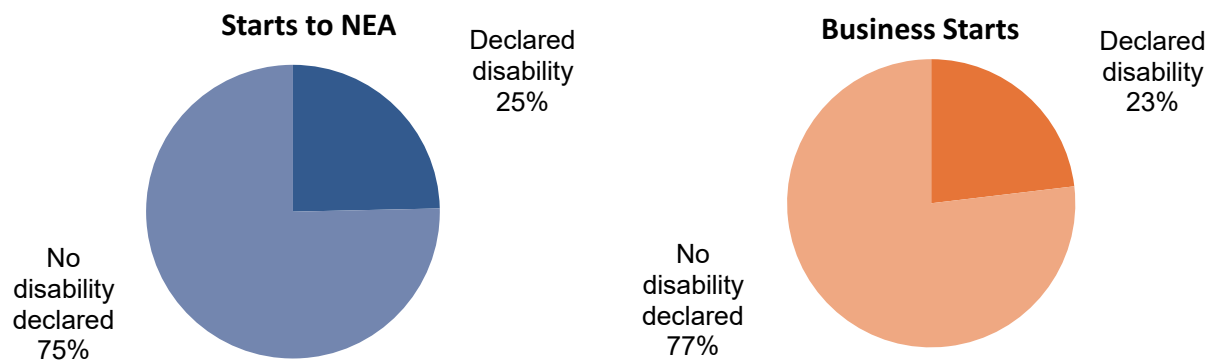


### Main findings

**Around 169,000** (80%) of those who started the programme have identified as white, with a further 16% from ethnic minorities and 6% where ethnicity was not identified.

## Around 1 in 4 people started on NEA have a self-declared disability

Proportion, by self-declared disability<sup>4</sup>



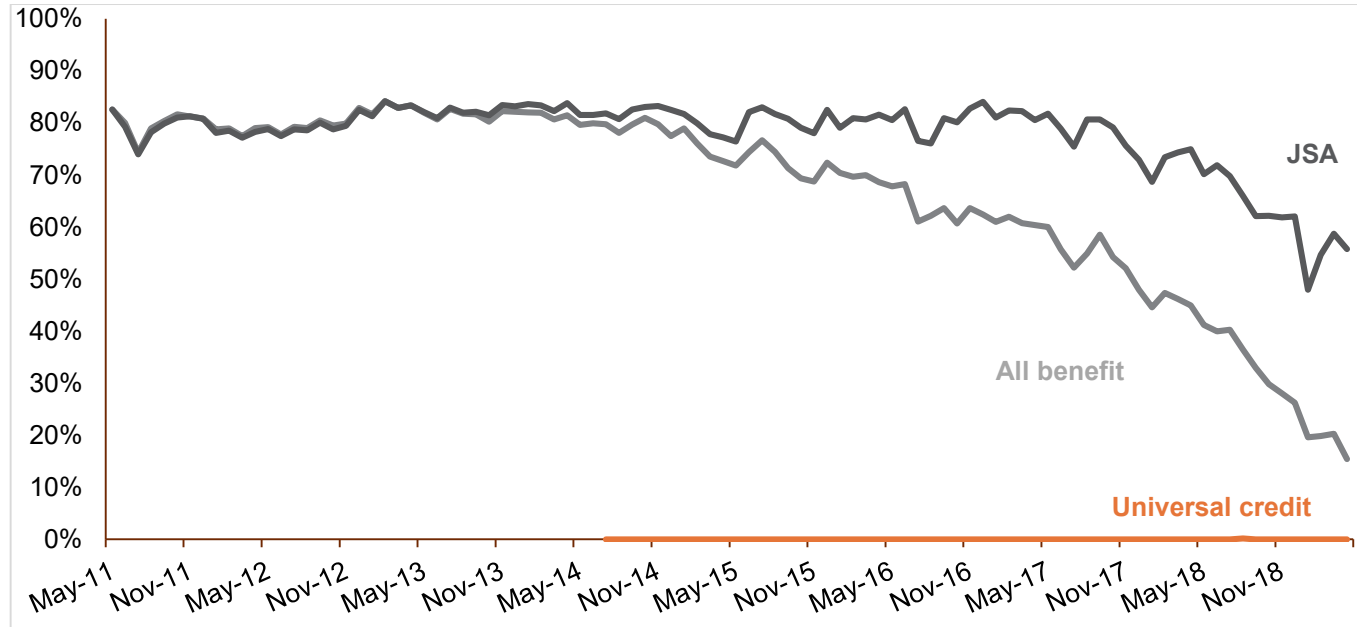
Of those starting on NEA **around 52,000** had a self-declared disability, with **around 30,000** of these individuals progressing to set up a business.

<sup>3</sup> Numbers may not sum due to rounding.

<sup>4</sup> Excludes category 'unknown'.

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

Proportion by month of earliest business start on NEA, April 2011<sup>5</sup> to April 2019<sup>6</sup>.Error! Bookmark not defined.



## 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, since the start of the programme, the average proportion of NEA participants who were **off benefit for 26 weeks continuously was around 70%**.

In the last year the decreasing trend in the proportion of individuals who remained off-benefit for 26 weeks following a business start continued. This is mainly driven by an increasing number of starts to NEA coming from an increasing number of starts to NEA coming from Universal Credit claimants, who remain on Universal Credit after they start trading.

The decline in the proportion of individuals who were on JSA who remain off-benefit for 26 weeks following a business start is likely due to these claimants moving onto Universal Credit once they begin trading. Before the introduction of Universal Credit, claimants who had been on JSA were required to cease claiming DWP benefits in order to be entitled to payment of the trading allowance. With the introduction of Universal Credit, low-earning self-employed people may be entitled to claim Universal Credit as an in-work benefit. These in-work Universal Credit claimants are captured in this data, and result in a reduction in the proportion of individuals off-benefit.

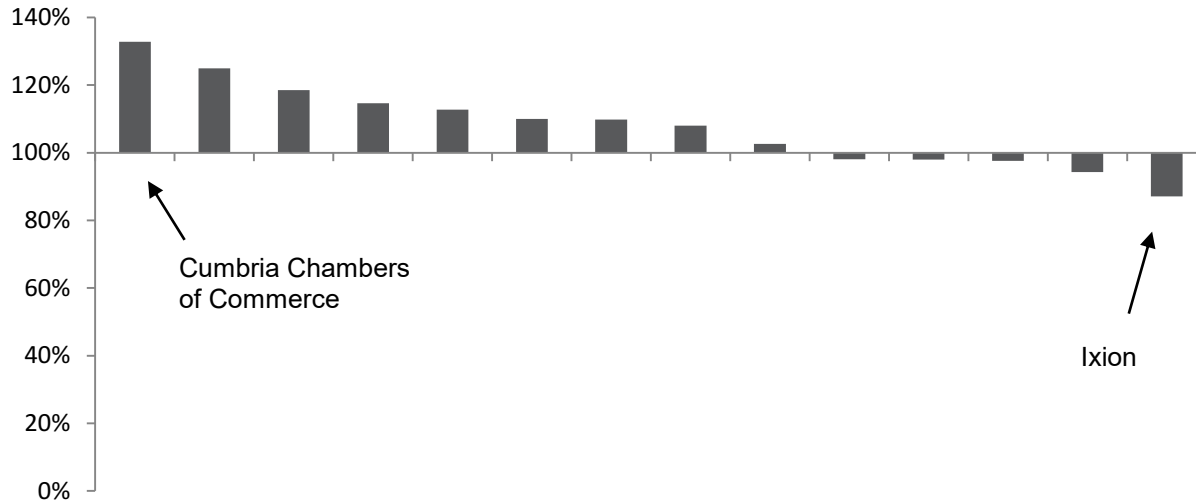
<sup>5</sup> April-2011 is being excluded from this chart due to a small number of claimants. The first complete month of data is May-2011.

<sup>6</sup> National Benefits Database is available up to November 2019 so consistent data for those who started their business after April 2019 and off benefit continuously for 26 weeks is not yet available.

# New Enterprise Allowance: contractual performance

## Business Start Contractual Performance (January 2019 to December 2019)

Actual performance as percentage of expected performance over January 2019 to December 2019, by contract



## Main findings

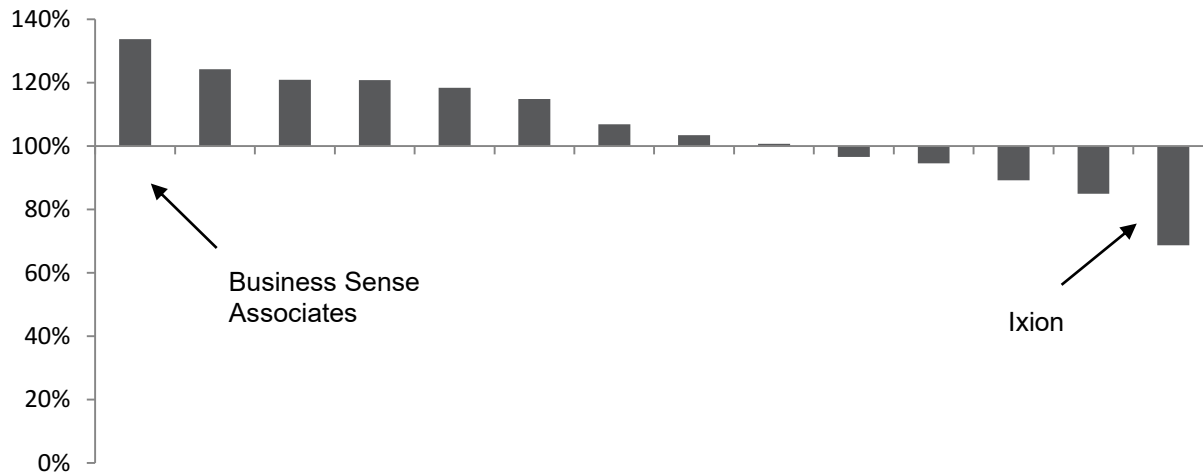
The NEA contractual performance data is for NEA Phase 2 contracts covering the period January 2019 to December 2019.

The NEA programme is delivered by 8 providers operating in 14 contract package areas (CPAs). NEA Phase 1 stopped taking on new customers in April 2017, and the last outcomes were achieved in summer 2018. Therefore, data presented is for NEA Phase 2 only.

The providers have an expected performance level. Actual performance is measured against this expected performance level and is presented in these charts.

## 26 weeks trading Contractual Performance (January 2019 to December 2019)

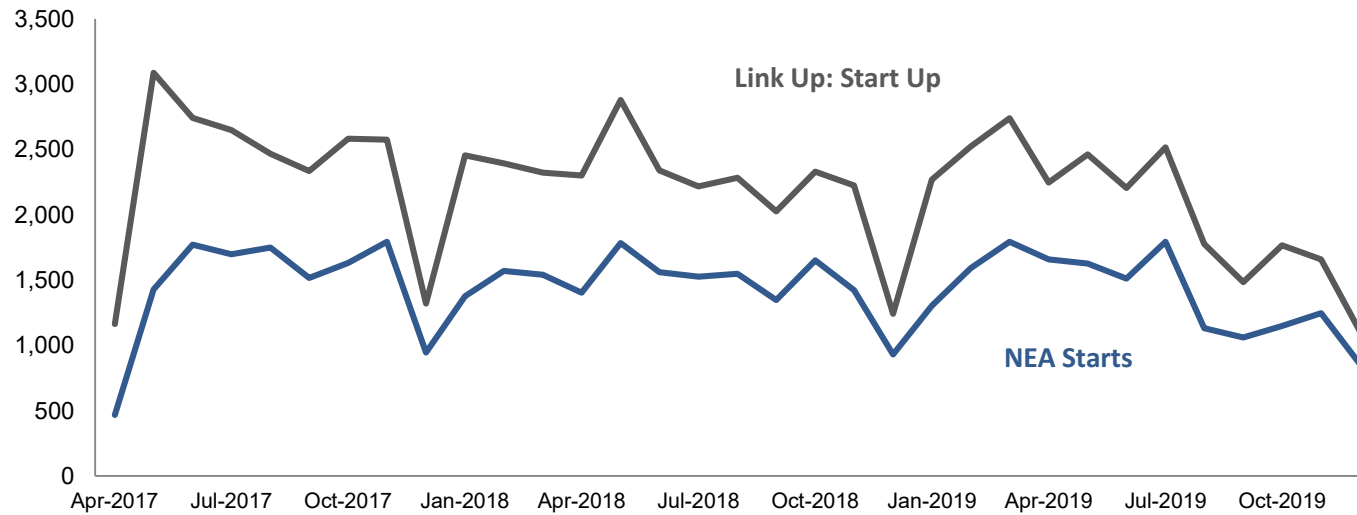
Actual performance as percentage of expected performance January 2019 to December 2019, by contract





## NEA Phase 2: Starts from April 2017 to December 2019

Number of link up: start up (LUSU) workshops and number of NEA Starts, by month of start, April 2017 to December 2019

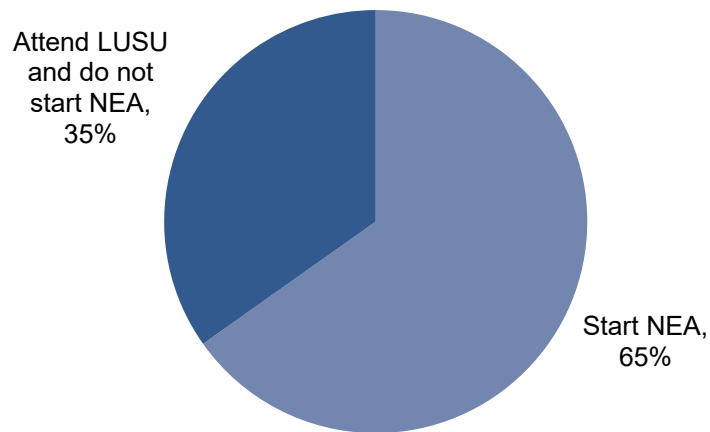


### Main Findings

Over the period, April 2017 to December 2019, **73,000 LUSU starts** were reported and lead to **47,000 NEA Starts**.

### Almost two in three of link up: start up (LUSU) workshops attendances resulted in starts to NEA<sup>7</sup>

Proportion, by NEA Start



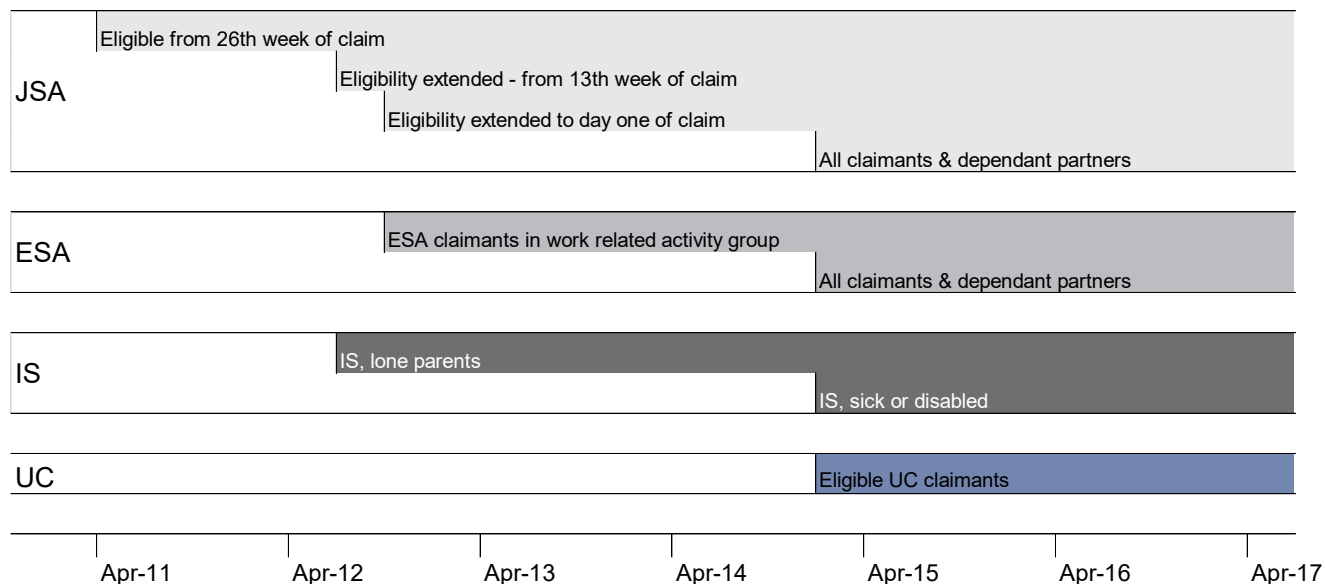
Since April 2017, 65% of LUSU workshop attendances have resulted in a start to NEA. This compares all starts to NEA, rather than tracking individuals.

<sup>7</sup> LUSU figures refer to number of attendances rather than numbers of individual attendees.

# Eligibility for New Enterprise Allowance

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

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



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 UC claimants who are not in employment, education or training.

**NEA Phase 2**, launched in April 2017, includes an additional category of eligible claimants; UC recipients with existing businesses whose earnings fall under their Minimum Income Floor.

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 are 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

### Role of the Provider

Jobcentre Plus will inform those eligible about the NEA Mentoring Programme.

For new business starts, the JCP Adviser will make a referral to the Link-up: Start-up (LUSU) workshop which will create a referral in the Provider referrals and payment (PRaP) System. If, having attended the LUSU, the claimant wishes to pursue self-employment, the JCP Adviser will make a referral to the core NEA programme. The provider then can accept or reject the referral.

For new business starts, providers conduct an initial assessment within 10 working 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 15 working days of the referral. The outcome of the initial assessment is also notified to the Jobcentre Plus Work Coach on a NEA1/UCNEA1 form within 2 working days of the initial assessment. The provider also completes an ESF1420 form with the participant as part of the assessment process and this must be sent electronically to DWP within 10 working days of the participant signing it.

For Universal Credit Existing Self-Employed, the JCP Adviser will make a referral for an initial assessment, which the provider then can accept or reject. For Universal Credit Existing Self Employed starts, providers conduct an initial assessment within 10 working days of referral date in order to assess if participant will benefit from the support of the NEA Phase 2, where the business has potential to grow, become more efficient and more profitable. The aim is to improve the business earnings to reach a level up to or above their Minimum Income Floor (MIF) over the 12 month/52 week mentoring period. Providers notify Job Centre Plus via the PRaP system within 15 working days of the referral. The outcome of the initial assessment is also notified to the Jobcentre Plus Work Coach on a UCNEA1 form within 2 working days of the initial assessment. This part of the provision is not ESF match funded so there is no ESF paperwork to complete.

Providers assign a business mentor who assists the participant to develop a business plan (or a Business Development and Growth Plan, for UC FS existing self-employed participants). For the participant with actively seeking work in their conditionality, this is replaced with participants must make full commitment to the NEA mentoring programme.

Participants submit business plans for consideration; if approved participants proceed to trading (or for those existing self-employed participants, receive help to grow their business). At this stage, participants who are not claiming UC 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 12 months. New business start participants are also eligible for the NEA financial support which is administered by Job Centre Plus. The allowance element of NEA is paid weekly at £65 for the first 13 weeks of trading followed by £33 for the remaining 13 weeks. Providers must also ensure participants are informed of start-up loans provided by the Government-backed Start-Up Loans Company in order to access additional start-up capital (this is for new business cases only).

### The delivery model for NEA changed in April 2017

**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.**

## About these statistics

These official statistics have been compiled using data from:

- Labour Market System (LMS) Opportunities Dataset.
- Provider Referral and Payment System (PRaP), February 2020.
- National Benefit Database, November 2019.
- Universal Credit (UC) Official Statistics Dataset, March 2020.
- Client Extract Data, February 2020.

## 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-december-2019>

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>