

New Enterprise Allowance

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Introduction

The New Enterprise Allowance (NEA) scheme offers business mentoring and financial support for claimants to become self-employed.

Claimants are interviewed by a mentoring partner organisation, which carries out an initial assessment of their business idea. If the claimant is accepted onto NEA they will work with a business mentor for approximately 8 weeks (12 weeks in exceptional circumstances) to produce a business plan. The business plan is subject to approval as part of the scheme.

Eligibility

Claimants must be unemployed and aged 18 or over.

Claimants in the Intensive Work Search regime (IWSR) can join from day 1 of being placed in the regime, unless they:

- have, or have had a sanction because they left their last job voluntarily or were dismissed for misconduct (if this is the case claimants can't join NEA until they have claimed Universal Credit for 3 months)
- have stopped running their own business in the 3 months before claiming Universal Credit (if this is the case they can't join NEA until they have claimed for 3 months and their business idea must be different from their previous business)

Claimants in the Work Preparation, Work Focused Interview only and No Work Related Requirements groups can join from day 1 of being placed in the regime. The aim of NEA is to support claimants who are interested in self-employment and who intend to start their own business. This intention must be established before a claimant is referred for NEA.

Claimants suitable for referral to the mentoring partner organisation are those who:

- have a clear idea of the business they want to start
- are ready to commit to exploring how to turn the idea into a reality (but don't know or aren't sure what that entails)
- have the occupational training / qualifications necessary for the trade / profession that will be the basis of their proposed business

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 Commitment

Claimants in the IWSR are required to attend regular Work Search Reviews while on the mentoring stage of the programme. However, after the first meeting with their mentor following acceptance on to the NEA programme, claimant requirements are different to other claimants in the IWSR and must be tailored. See [Claimant Commitment hub](#).

Claimants on NEA do not have to undertake work search during the mentoring period. The review meetings are intended to ensure that they are attending all the required meetings with their mentor. The revised conditionality can last no longer than 12 weeks after the first meeting with the mentor.

Claimants who move into self-employment will need to undertake a test of gainful self-employment. This is following the NEA stage – see [Self-employment and gainfully self-employed](#). Claimants should not be both in start-up and on NEA as they cannot be assessed as gainfully self-employed until they have completed a business plan with NEA.

Claimants in other conditionality groups must attend Work Focused Interviews as required. A claimant's participation on NEA must be reviewed to ensure that self-employment remains a realistic option and NEA is the most suitable option for the claimant.

The Claimant Commitment must explain any requirements of the claimant participating in NEA and the consequences of not meeting them. See [Claimant Commitment hub](#) and [Sanctions](#).

Financial support

NEA financial support can be claimed within 13 weeks of the claimant's business plan being approved and is paid for 26 weeks. Once a claimant has commenced trading, they have a maximum of 5 weeks to claim the allowance. The mentor will continue to support claimants while they are getting the weekly NEA.

Sanctions

Claimants in the IWSR will be subject to a sanction if, without good reason, they fail to fulfil the participation requirements of NEA as set out in their Claimant Commitment. See [Claimant Commitment Hub](#) and [Sanctions](#).

The claimant must:

- attend all appointments with the mentor / mentoring provider organisation if given at least 24 hours' notice of the appointment
- take action each week to develop the business proposal
- tell Universal Credit within 2 working days if the business idea is no longer being pursued and / or the mentoring relationship ends

Failure to comply will result in a low level sanction. See [Sanctions](#).

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