

New Enterprise Allowance

Contents

- New Enterprise Allowance
- Claimants who are not currently Self Employed
- Eligibility
- Making appropriate referrals
- Link-up: Start-Up workshop
- Initial assessment
- Enhanced mentoring offer
- Conditionality during mentoring phase
- Business development phase
- Post trading support / NEA allowance
- Taking up employment with wages
- Conditionality – new business starts
- Claimant commitment – new business starts
- Sanctions – new business starts
- Claimants who are currently Self Employed
- Eligibility
- Initial assessment
- Mentoring support
- Conditionality for existing self-employed claimants whilst on NEA
- Claimant Commitment
- Information relevant to new business starts and existing self-employed claimants
- Claimant moves area
- Inappropriate referrals
- Referrals - claimant has previously been on NEA
- NEA new business starts – new referral or return to NEA
- Existing self-employed claimant – new referral or return to NEA

New Enterprise Allowance

The New Enterprise Allowance (NEA) programme supports unemployed people who want to start their own business and move into self-employment.

It also supports existing Universal Credit self-employed claimants, whose income has fallen below their minimum income floor (MIF), however they are not entitled to NEA allowance.

Travel and childcare costs are not available through NEA funding, although it may be decided that they can be funded from the Flexible Support Fund. Additional support and reasonable adjustments required by claimants participating in the NEA mentoring stage, for example a translator or signer, must be met by the Provider.

Claimants who are not currently self-employed Eligibility

Claimants must be:

- unemployed
- aged 18 or over
- not participating in other DWP contracted provision
- have the right to reside and take up employment in the UK

There is some discretion if the level of trading is low, for example the claimant has been baking cakes for charity fundraisers and decides to explore turning that into a viable business, the claimant should be eligible for a referral to New Enterprise Allowance (NEA) as a new business starter. If they have been working on a self-employed basis part-time and want to explore their self-employment options, then they might be more suitable for support for the existing self-employed NEA offer.

The table below shows eligibility from day 1.

Claimant group	Day 1 eligibility
No work related requirement due to sickness or disability, or significant caring responsibilities, for example for a severely disabled person	Eligible
Lead carer with a child under one	Eligible
Work Focused Interview only	Eligible
Note: Claimants in the groups above can join from day 1 of being placed in the regime, unless they have stopped running their own business within the last 3 months, if this is the case they cannot join NEA until 3 months after the business ended and their business idea must be clearly different from their previous business	
Work Preparation Group	Eligible
Intensive Regime, (see exceptions below)	Eligible
Note: Claimants in the intensive work search regime (IWSR) can join from day 1 of being placed in the regime, unless they: <ul style="list-style-type: none"> • 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 had an award of Universal Credit for 3 months • have stopped running their own business within the last 3 months, (if this is the case they can't join NEA 	

until 3 months after the business ended and their business idea must be clearly different from their previous business	
Earning below the individual Administrative Earnings Threshold (AET) but in a household earning above the couple AET	Eligible
Out of work with a partner earning above the couple AET	Eligible
Over State Pension Age, (see note below):	Not eligible
Note: NEA is a programme for working age claimants. Care must be taken when considering referring someone who is close to State Pension Age as eligibility for NEA, (including the weekly allowance,) ceases at the point they receive State Pension. Claimants in this position must be made aware of this.	
Careers in receipt of Carer's Allowance	Not eligible
Working Enough	Not eligible
Working, earning above the individual AET but below the CET	Not eligible

Making appropriate referrals

Claimants suitable for referral to New Enterprise Allowance are those who:

- have a clear idea of the business they want to start
- are ready to commit to exploring how to turn their idea into a reality, but don't know or aren't sure what that involves
- have the occupational training / qualifications necessary for the trade / profession that will be the basis of their proposed business
- have a business that is, or will be, registered for tax purposes in Great Britain

Claimants **not** suitable for NEA include:

- a claimant who is **not clear** about what sort of business they want to set-up.
- a claimant whose plans to start their own business are already **well advanced**. DWP must target the limited NEA resources at those most in need of the support.
- a claimant taking work offered by an **employer on a self-employed basis**.
- a claimant **already running a business, unless** they are proposing to set up an entirely different full-time business

Link-up: Start-Up workshop

Claimants with a new business idea who are eligible and suitable for New Enterprise Allowance (NEA) and would like to take part in NEA should be referred to a NEA Link-Up: Start-Up (LU:SU) workshop. The referral is arranged by phone with the provider and also made on Find and Refer. The workshop is arranged within 15 days from the referral and the provider records the result in 'Find and Refer' within 20 days.

Claimants must attend the workshop to access NEA support. It provides claimants with an overview of the impact, commitment and responsibilities of being self-employed.

Initial assessment

Following the Link-Up: Start-Up (LU:SU) workshop, claimants wishing to continue must be referred to an Initial Assessment. This is arranged within 10 working days of the referral date. The claimant must attend the initial assessment within 6 months of attending the LU:SU. If longer than 6 months, the claimant will need to attend the LU:SU again. The referral is arranged by phone with the provider and also made on 'Find and Refer'.

The provider will assess their business idea and decide whether the claimant would benefit from participation on the scheme. The results are recorded on the 'Find and Refer' system within 15 working days of the referral.

Enhanced mentoring offer

Claimants accepted on to the New Enterprise Allowance scheme will then receive an enhanced mentoring offer. This includes:

- mentoring support for up to 12 weeks with a minimum of 3 mentoring sessions
- development of a business plan with support from the NEA provider
- additional workshops covering key areas, for example financial planning and marketing support.

The provider is responsible for assessing and approving the participant's business plans. They will provide the participant with feedback after the assessment, this will be within 12 weeks of the start date.

If the claimant is without an approved business plan after 12 weeks and is still working with their mentor, they must have a progress review. The NEA provider should have provided an update on the claimant's progress on a New Enterprise Allowance and Mentoring provider feedback form (UCNEA1). If this has not been received, the NEA provider must be contacted for a progress report.

During the review the following should be established:

- why has the business plan not been completed in the expected timescale?

- how much time has the claimant dedicated to developing their business plan?
- if this is less time than their circumstances can reasonably allow, why have they not put in more effort?

Based on the responses and feedback from the NEA provider, a decision must be made between removing the claimant from NEA or extending their time on the scheme. If an extension is appropriate, the work coach and their manager must determine if an extension is appropriate and for how long.

Conditionality during mentoring phase

Claimants in the Intensive Work Search regime must attend meetings but they do not have to work search. The meetings are intended to ensure they are developing their business proposal and attending all meetings with their mentor. Claimants are expected to engage fully in the New Enterprise Allowance scheme and participation should be included in any claimant commitment, along with any agreed work search activity. For claimants in the Intensive regime, failure to fulfil these requirements may lead to a sanction.

Claimants in all other groups must attend work focused interviews as required. The claimant's participation on NEA must be reviewed to ensure self-employment remains a realistic option and the most suitable route for the claimant.

Claimants who start trading within the mentoring phase and have been deemed gainfully self-employed for Universal Credit purposes will not be subject to conditionality.

Business development phase

This is a voluntary phase of up to 13 weeks after the business plan has been signed off.

The business development phase will:

- allow participants who are not yet ready to commence trading to undertake activities aimed at building a successful platform to launch their business, such as market research or applying for a start-up loan
- help ensure claimants are in a better position to start earning money from their business as soon as they start trading. It may also help them to be better prepared for the Gainfully Self-Employed test

Post trading support / NEA allowance

Post trading mentoring support is available from providers for up to 52 weeks and to those with an approved business plan who commence trading are eligible for the New Enterprise Allowance (NEA) allowance.

NEA allowance:

- is paid over 26 weeks and is worth up to £1274

- can be claimed once the claimant has commenced trading and within 13 weeks of the claimant's business plan being approved. **Note:** If the NEA participant has not been able to commence trading within 13 weeks of their business plan being approved for reasons beyond their control, there is discretion to extend this period within reason
- must be claimed within 5 weeks of the date trading commenced
NEA allowance is disregarded for the purposes of Universal Credit.

Claimants in receipt of NEA weekly allowance must provide evidence they are still meaningfully engaged in running their business at weeks 6,12 and 19. If the claimant's earnings level close the claim for Universal Credit, start-up checks will need to be arranged to keep a separate track of the claimant in the absence of an open Universal Credit claim, for example to book appointments.

The mentor will continue to support claimants while they are getting the weekly NEA payment.

Claimants who decide to start trading before their business plan has been approved can do so. However, they should be informed that they can only claim the allowance after their business plan has been approved, and they must claim it within 5 weeks of starting to trade. Therefore, those who commence trading prior to business plan approval, run the risk of making themselves ineligible for the allowance.

To be considered as 'Trading' for NEA purposes, the participant needs to be able to demonstrate that they are working in their business for at least 16 hours per week and in a position of offering goods or services for sale. They do not need to have generated any income yet to be considered to be trading.

Taking up employment with wages

A New Enterprise Allowance weekly allowance applicant or recipient may take up employment with wages to supplement their income while their business builds up.

If the employment with wages starts, or started, after trading commenced, the allowance will be payable as long as the claimant continues to trade their business for at least 16 hours per week.

The claimant will move to either the All work related requirements, light touch regime or no work related requirements working enough regime.

Claimants who move into self-employment will require a gainful self-employment test, following the NEA stage. See [Self-employment and gainfully self-employed](#).

Conditionality – new business starts

Conditionality will only apply to some of the new business participants of New Enterprise Allowance (NEA).

Claimants in the intensive work search regime (IWSR) are required to attend regular work search reviews while on the mentoring and business development stages of the programme.

During the mentoring period these claimants do not have to undertake work search. The review meetings are intended to ensure that they are attending all the required meetings with their mentor.

The claimant commitment for these claimants must be tailored after the first meeting with their mentor following acceptance on to NEA, see Claimant Commitment. The revised conditionality can last no longer than 12 weeks after the first meeting with the mentor.

After the 12 week mentoring period, IWSR claimants that move in to the business development stage before they start trading will be subject to a work search requirement that means they should spend up to 35 hours per week looking for employment. During this time, any business preparation activity a participant undertakes, including working on their business plan, can be counted toward their work search requirement.

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.

Claimant commitment - new business starts

The claimant commitment must explain any requirements of the claimant participating in New Enterprise Allowance the consequences of not meeting them. See Sanctions.

Sanctions - new business starts

Claimants in the intensive work search regime will be subject to a sanction if, without good reason, they fail to fulfil the participation requirements of New Enterprise Allowance as set out in their Claimant Commitment.

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 if the business idea is no longer being pursued and / or the mentoring relationship ends

Failure to comply for no good reason may result in a low level sanction.

Claimants who are currently Self Employed

Eligibility

Existing self-employed claimants are eligible for referral to New Enterprise Allowance (NEA), but not NEA allowance, if they meet the following eligibility criteria:

- have the right to reside and take up paid employment in the UK
- the claimant has an existing business and is deemed to be gainfully self-employed, and either:
 - is in the last 3 months of the start-up period but their earnings are below the minimum income floor (MIF)
 - have a MIF applied but have earnings below their MIF in an assessment period

A period of 12 months must have passed before an existing self-employed person who previously participated in NEA can be referred back to NEA Phase 2 and receive help, to increase their earnings to equal to or above their minimum income floor level.

The claimant must decide whether they wish to be referred to NEA and receive business mentoring.

The provider will work with the claimant to grow their earnings to the level above their MIF, through providing mentoring support and development of a business and growth plan.

Only claimants suitable for support through NEA should be referred. The claimant must have control over their business, for example a mini cab driver who has no control over pricing or marketing would not be suitable for referral to NEA.

Initial assessment

Existing self-employed claimants do not attend a Link-Up: Start-Up workshop. Providers will conduct an initial assessment with participants within 10 working days of the referral date. The results are recorded by the provider on 'Find and Refer' within 15 working days of the referral.

The provider will assess if the claimant is suitable for New Enterprise Allowance, an unsuitable claimant could be someone whose business does not have the potential to grow.

Mentoring support

Mentoring support for the existing self-employed claimants:

- lasts for up to 12 weeks
- has a minimum of 3 mentoring sessions over the 12 weeks
- includes additional workshops, for example on financial planning and marketing support

Mentoring support is based around developing a business development and growth plan. This includes short, medium and long term activities aimed at improving business earnings to above the claimants' minimum income floor and therefore, business sustainability.

Once the business development and growth plan has been assessed a period of 12 months business mentoring support will follow.

The New Enterprise Allowance provider will provide key feedback on the claimant's progress.

Conditionality for existing self-employed claimants whilst on NEA

Only those existing self-employed claimants who have been deemed gainfully self-employed are eligible for New Enterprise Allowance support. These claimants are not subject to conditionality.

Claimant commitment

For existing self-employed claimants in the start-up period, participation in the New Enterprise Allowance scheme can be recorded on their claimant commitment and count towards achieving their active steps to grow their earnings.

Information relevant to new business starts and existing self-employed claimants

Claimant moves area

If after commencing trading a claimant moves area and will continue to trade, their New Enterprise Allowance weekly allowance will continue to be administered by the jobcentre they dealt with initially.

Inappropriate referrals

Where through official error the claimant has been incorrectly referred to New Enterprise Allowance but wishes to continue on the programme, they should be allowed to complete the programme and receive the allowance if applicable. If you are unsure about a particular case, please raise a continuous improvement and learning process template (CIL).

Referrals – claimant has previously been on NEA

A claimant who has previously taken part in New Enterprise Allowance may be referred again or may return to complete the balance of time on the current referral, depending on the circumstances. For new referrals, all eligibility and suitability criteria must be applied.

For claimants who previously claimed the NEA weekly allowance, particular attention must be given to:

- why did they cease trading?
- if they propose the same idea, have their circumstances changed, or have any issues that led them to cease trading been resolved? (Unless there are specific reasons, nobody should be referred to NEA to pursue a business that has already failed once. The NEA support will be the same as it was the first time so the claimant is unlikely to benefit any further going through the same process a second time).
- not making a referral just to enable them to receive the weekly allowance. This, on its own, is not a suitable reason for making a referral to NEA.

NEA new business starts – new referral or return to NEA

A new referral will need to be made, for a new enterprise allowance (NEA) new business start, applying all eligibility and suitability criteria where

- the break has occurred before the Business Plan was signed off
- within the 26 week period following the claimant starting trading, the claimant has had a break of more than 13 weeks

A new referral should not be made where a claimant who has started NEA to set up a new business and has started trading:

- is unable to continue for a period of 13 weeks or less
- has a break in provision during weeks 27 to 52 of trading, and asks to return?

In both the above cases, they can return to provision and start where they left off, and receive the balance of time of any NEA support, as long as this occurs within the 92 weeks allotted time period and the provider agrees to the return.

The previous referral will still be open so do not make a new referral on 'Find and Refer'.

In both scenarios, the Provider must be contacted to explain the circumstances of the case, and to discuss the feasibility of the claimant resuming the mentoring relationship at the point they left.

If it is feasible, then:

- agree arrangements for resumption of the mentoring relationship with the Provider

- explain to the claimant that the time previously spent on NEA will count towards the total time allowed under NEA
- make appropriate arrangements with the Provider to review the claimant's progress
- update the claimant commitment with details of the resumption on NEA

If it is not feasible, consider making a new referral, using discretion, taking into account the full circumstances of the case and applying the eligibility and suitability criteria.

Existing self-employed claimant – new referral or return to NEA

A new referral or a return to New Enterprise Allowance to the mentoring stage can be considered, assuming the claimant remains eligible. The actions to take depend on whether it is a new business idea or not.

Claimant wishes to develop a different business idea

This will be treated as a new referral to the Provider and the standard eligibility and processes will apply.

Claimant wishes to develop the same business idea

As long as the claimant is still within the 66 week allotted time period they are able to return to provision and receive the balance of the New Enterprise Allowance (NEA) support offered, with the agreement of the provider.

The Provider must be contacted to explain the circumstances of the case and discuss the feasibility of the claimant resuming the mentoring relationship at the point they left.

If it is feasible, then:

- agree arrangements for resumption of the mentoring relationship with the Provider
- explain to the claimant that the time previously spent on NEA will count towards the total time allowed under NEA
- make appropriate arrangements with the Provider to review the claimant's progress
- update the claimant commitment with details of the resumption on NEA

The previous referral will still be open so do not make a new referral on 'Find and Refer'.

If it is not feasible, then consider making a new referral using your discretion and taking into account the full circumstances of the case.

Version control (record details of updates to guidance or key sign off for each version)

Date	Version number	Comments/changes	Author	Reviewed by
13/4/16	V0.1	Drafted from PDS	Daryl Beesley	
14/04/16	V0.2	Peer Reviewed		Brian Harrison
14/04/2016	V0.3	Kelly		
15/4/16	V0.4	Incorporated peer review comments	Daryl Beesley	
19/4/16	V0.5	Incorporated validation comments	Daryl Beesley	
25/4/16	V0.6	Incorporated assurance comments	Daryl Beesley	
27/4/16	V0.7	Strengthening of Lees start up comments	Daryl Beesley	
29/4/16	V0.8	Answered Jill Hilton's question around AWRR and IWSR (commented on older version).	Daryl Beesley	
29/4/16	V0.9	Pre-release check		Shirley H
03/05/16	V1.0	Wordstyled version for uploading to WCMS	Brian Harrison	
	V1.0	HOC CHECK COMPLTE NO ACTION		
2/12/16	V1.1	Added NEA is not taken in calculation of UC	Daryl Beesley	
4/1/17	V2.0	Published version	Daryl Beesley	
8/2/17	V2.1	Started to include April 2017 budget changes	Daryl Beesley	
8/3/17	V2.2	Incorporated Richard Scarborough and Nigel Wilson's comments	Daryl Beesley	
22/3/17	V2.3	Incorporated Margaret Watkinson & Graham Hilton's	Daryl Beesley	

		comments in assurance (QR2).		
24/3/17	V2.4	Changed reference to NEA 2017 as requested by Nigel Kitteridge in FSO assurance yesterday.	Daryl Beesley	
30/03/17	V3.0			Ready for publishing on 31/03/17
03/05/17	V3.0	Re-wordstyled, removed rogue boxes, re-published to DDP for Invotra standards	Brian Harrison	
16/10/17	V3.1	Amendments made to eligibility in NWRR group as per email from Nigel Kitteridge	Sarah Duckworth	
23/10/17	V3.2	Further rework in line with comments from Nat Pimlott re above also changed referral period from 3 months to 1 mth if clmt falls below their MIF MS10343 R79	Sarah Duckworth	Nat Pimlott
02/11/17	V3.3	Comment from Nat Pimlott from assurance re example added	Sarah Duckworth	Nat Pimlott
13/11/17	V4.0	No comments from FSO published on Invotra	Sarah Duckworth	
24/01/08	V4.1	Fully Reworked as part of guidance refresh also included info re clmts not eligible as per JIRA IC 37064	Sarah Duckworth	
5.2.18 to 13.2.18	V4.2	Rework following comments from	Sarah Duckworth	

		Jessica George ready for HEO check		
26.02.18.	V4.3	Rework following assurance comments.	John Driver	
30/05/18	V5.0	Signed off by LM policy (now fully signed –FSO) comments from Jessica George impacted –published on Invotra & strengthened employed	Sarah Duckworth	Jessica George
19/07/2018	V6.0	New eligibility criteria for Claimants currently Self Employed. Wording supplied by Nigel Kitteridge.	Phil Bennett	Alan Burt/Nigel Kitteridge
25/10/18	V6.0	Metadata added no change to guidance	Alan Burt	
05/11/2019	V6.01	UL-2238 additional content re suitability and eligibility. Wording supplied by Pam Vernon.	Dave Tasker	
07/11/19	V6.02	Linked to IC-247058. New bullet point added in table re previously s/e and eligibility for NEA	Denise Lee	
26/11/19	V6.03	Impacted with pre-assurance comments	Dave Tasker	
10/12/19	V6.04	Impacted with assurance comments	Dave Tasker	Jess George Nat Pimlott Jo Howell
17/01/20	V6.05	Amended to remove DQ and address 2 minor comments	Dave Tasker	
23/01/20	V6.06	Amended for FSO comments	Dave Tasker	Pam Vernon Jess George
05/03/20	V7.0	Published on UL	Dave Tasker	

16/06/2020	V7.01	Compare and contrast complete – corrections made to align products annotated here	Jemima Little	All additional / changed text agreed with Kirsty Elliott
18/06/2020	V8.00	Compare and contrast changes published	Jemima Little	