

## New Enterprise Allowance: Question and Answer Log

This document details the questions that have been asked by prospective applicants in relation to the delivery of a New Enterprise Allowance mentoring partnership and the associated grant funding application process.

	<b>Questions</b>	<b>Answers</b>
1	Is it possible to submit an application that covers only part of the Jobcentre District?	Jobcentre Plus has a preference for applications which offer full district coverage. However, it is possible to submit an application for just part of a district as it may be possible to have two or more partial coverage awards which mesh well to cover the full district.
2	Is there any preference around whether applications cover an area larger than a District or just individual districts?	We are seeking applications covering district geographies, however, where applications are received covering geographies which are larger than a Jobcentre Plus District, these will be considered in the context of other applications received, such an application may only be successful in some areas.
3	Please confirm what is meant by "Total starts required"?	The required volumes quoted on the application form relate to the number of 'starts' - people accepted as participants on the programme. That is people whose business idea is considered as viable through the sift of applicants, which is undertaken by the partnership, and who are accepted onto the scheme for match with a Business Mentor.
4	Section B box 1 of the application form requests a maximum of 500 words – is this 500 words for each of the seven headings or 500 words in total?	The 500 word limit is the total allowed to cover the seven criteria. Additional words above the 500 limit will not be taken into account.

5	At the end of the application form is a box for a director to sign. Who is this person? Is it a director of a company, a finance director or other senior officer at the applicant organisation or some other person?	The signatory should be the person nominated as the Senior Responsible Officer at the end of section A of the application form.
6	What time on the deadline date do applications have to be submitted?	The deadline for applications is midnight on the closing date.
7	There is no obligation for our company to have our accounts audited as we are a small company within the meaning of audit exemption provisions. Can you please advise whether this renders us ineligible to act as a lead partner?	Applicants that are successful at the assessment stage will need to provide Jobcentre Plus with documentary evidence to confirm their legal status and financial viability. Jobcentre Plus will clarify the requirements at the time of the notification of a successful application. Any exemptions will be taken into account.
8	If an organisation submits an application as a lead partner, is there anything to stop them from also being a partner in a second application?	No, there is nothing to prevent organisations from submitting an application as a Lead Accountable Body at the same time as acting as a partner in another partnership. Where an organisation is delivering the NEA under two separate grant awards, the delivery of each award must be kept separate including the accounting and performance reporting.
9	Are applications welcomed from any type of organisation or do you have to be a not for profit organisation?	It is the Department's policy that a NEA grant award cannot be made to a for-profit organisation, unless that organisation has taken legal steps to ring-fence the funding, including the incorporation of an asset lock. Before an offer of funding can be made, Jobcentre Plus must be assured that the grant funding will be channelled through a Community Interest Company (CIC), a Special Purpose Vehicle (SPV), or an equivalent model. A check of the organisation's status will be undertaken as part of the checks described in the answer to Q7 above.

		<p>The CIC regulator's website provides comprehensive guidance on the process for setting up a CIC:</p> <p><a href="http://www.cicregulator.gov.uk/guidance.shtml">http://www.cicregulator.gov.uk/guidance.shtml</a></p>
10	<p>If we were successful in our application, would we be allowed to use our employed mentors to deliver the service and pay them their normal salaried hourly rate of pay, as long as we only included our estimate of their 'reasonable expenses' incurred in doing so, (rather than what we actually pay them), in our application for NEA Grant to provide mentoring services?</p>	<p>It is acceptable to utilise existing Business Mentors to deliver the service. However, it is not permissible to use NEA Grant funding to pay the Business Mentors a wage or fee for supporting NEA participants, with the exception of reasonable expenses, which must be paid from the grant at the discretion of the lead body, without reducing the lead body's offer to participants as set out in the application document.</p> <p>Applications for Grant funding can include an amount for reasonable expenses in relation to the activities of Business Mentors. Details of the lead body's expenses policy should be clearly stipulated in the application.</p>
11	<p>Who approves the business plan before it is referred to the lender, and what criteria is it assessed against?</p>	<p>The LAB makes the decision on the business plan, taking account of the recommendation from the Business Mentor - it is not referred to the Loan Provider. We have not been prescriptive in defining delivery, the LAB is responsible for designing the Business Plan assessment, taking account of the scheme's aims, i.e. to support businesses which have the potential to succeed and have the potential for growth in the future. Once a participant commences trading and wishes to apply for an NEA loan, the LAB will be responsible for the initial referral to the loan service provider, a referral template will be provided.</p>
12	<p>Does the customer continue to claim JSA during the initial 6-months of trading (for</p>	<p>The customer does not continue to claim JSA during the first 6 months of trading. An approved business plan will give the customer access to:</p>

	<p>which they will also be supported by mentors?)</p> <p>At what stage is the weekly allowance available to customers, for how long and how is the amount of allowance issued determined?</p>	<ul style="list-style-type: none"> <li>• The NEA weekly allowance which is payable for 13 weeks at £65 and then for a further 13 weeks at £33.</li> <li>• A start-up Loan to help with start up costs up to the value of £1,000 (subject to the loan service provider's terms and conditions).</li> </ul> <p>Participant's must close their claim to JSA in order to access this financial support. The NEA weekly allowance is not repayable.</p>
13	Will IB/ESA 6 months+ clients be eligible for NEA as well as JSA 6 month+ clients?	Only customers aged 18 and over who have been in receipt of Jobseeker's Allowance for 6 months or more will be eligible for NEA.
14	Can NEA participants get any help with the travel costs to meet with their mentor?	Customers cannot get help from Jobcentre Plus with travel costs to meet their Business Mentor. The lead body could consider payment for travel costs, but this would have to be accounted for within their overall running costs.
15	<p>Can NEA participants access additional support/provisions e.g. training courses which members of the mentoring organisation partnership are running?</p> <p>What evidence is needed by Jobcentre Plus to indicate that the clients are attending any sessions/programmes?</p>	<p>Yes NEA participants will be able to access any additional support that the lead body or Business Mentors are able to provide.</p> <p>There is no specific information that will be required about attendance at such events, although it will be for the successful applicant and the Jobcentre District to agree local working arrangements and we would expect these interventions to be included in any progress reports. Customers will continue to attend the Jobcentre whilst they are working with their Business Mentor to develop their business plan and the customer will be expected to feedback their progress including the support that has been provided at that time.</p>

16	Is NEA an extension of the self-employment support programme under the 6-month offer?	<p>No. The Jobseeker's Allowance (JSA) self-employment support programme was introduced by the Department in April 2009 as part of the Six Month Offer (6MO). That offer was a short-term recessionary measure to assist jobseekers during the economic downturn and ended in March 2011.</p> <p>Potential applicants should be aware that a range of business support was provided by Business Link organisations in England, for eligible JSA customers as part of that programme.</p>
17	Is the NEA in or out of scope for VAT?	<p>Because the NEA is funded through a 'grant', it is likely that VAT incurred on purchases made with the grant income will not be recoverable from HMRC and that the grant will have to cover unrecoverable VAT costs. This is because, in line with the standard HMRC rules and regulations, NEA expenditure may not be deemed to be incurred as part of the organisation's normal-business activities. If you have any doubt, you should contact HMRC.</p>